A paper on
local development
prepared for the

Un document sur le
developpement local
prépare pour le

Economic Council of Canada

P.O. Box 527
Ottawa, Ontario
K1P 5V6

Conseil économique du Canada

C.P. 527
Ottawa (Ontario)
K1P 5V6

LOCAL DEVELOPMENT PAPER NO. 3

Regional Development in Atlantic Canada: An Overview and a Case Study of the Human Resources Development Association

by

Elizabeth J. Beale

The findings of this Local Development Paper are the personal responsibility of the author(s) and, as such, have not been endorsed by the members of the Economic Council of Canada.

Local Development Papers are working documents made available by the Council, in limited number and in the language of preparation, to interested individuals for the benefit on their professional comments.

La série « Documents sur le développement local » contient des documents de travail dont le Conseil fait une diffusion restreinte, dans leur version d'origine, en vue de susciter des commentaires de la part de spécialistes.

Requests for permission to reproduce or excerpt this material should be addressed to:

Director of Publications
Economic Council of Canada
Post Office Box 527
Ottawa, Ontario
K1P 5V6

ISSN-0225-8013

October 1989

RÉSUMÉ

Depuis la guerre, la persistance des disparités de revenu et de taux de chômage entre les provinces de l'Atlantique et le reste du pays a suscité bon nombre d'initiatives visant à stimuler l'économie de la région de l'Atlantique. Parmi les premières initiatives fédérales portant sur les problèmes de la région, il y a eu l'Office d'expansion économique de la région de l'Atlantique (1962) qui appuyait les projets de mise en valeur de l'hydro-électricité et de construction de routes, et l'Agence de développement régional (1963) qui offrait diverses incitations pour attirer les industries dans les régions à chômage élevé.

La mise sur pied à Ottawa du ministère de l'Expansion économique régionale (MEER) en 1969 a représenté un effort plus systématique en vue de régler les problèmes économiques des provinces de l'Atlantique. Au commencement, le MEER a concentré son aide sur les projets d'infrastructure dans certains centres de croissance appelés à jouer un rôle de catalyseur dans le développement économique de l'ensemble de la région. Pendant ce temps-là, une aide directe a été offerte à l'industrie aux termes de la Loi sur les subventions au développement régional. Toutefois, le MEER a suscité beaucoup de controverses pendant les 13 ans de son existence, et fut aboli en 1982. La plupart de ses programmes ont été pris en charge par le nouveau ministère de l'Expansion industrielle régionale (MEIR). Mais ce nouveau ministère devait se concentrer sur l'expansion économique nationale, ce qui n'a pas aidé à dissiper le sentiment général que le gouvernement fédéral se désintéressait de l'expansion régionale.

Le MEIR fut remplacé à son tour par l'Agence de promotion économique du Canada atlantique (APECA), créée en 1987 et qui a témoigné de l'engagement renouvelé du gouvernement fédéral envers l'expansion économique des provinces atlantiques. L'Agence, dont le siège social se trouve à Moncton, favorise la décentralisation du pouvoir décisionnel. Vu son budget de 1,05 milliard de dollars réparti sur six ou sept ans, l'APECA devrait assurer un rôle clé de coordination des politiques fédérales dans la région. L'agence a poursuivi certains programmes déjà en vigueur et en a introduit des nouveaux.

La région a vu naître, en plus de ces initiatives fédérales bien connues, de nombreuses initiatives provinciales et locales. Mais, bon nombre de sociétés de développement communautaire et d'organismes d'auto-développement ont aussi été mis sur pied ces dernières années. (On trouvera ci-dessous une description plus détaillée des activités d'une de ces sociétés, la Human Resource Development Association, de Halifax.)

Il est difficile de juger de l'efficacité exacte des politiques régionales du gouvernement dans la solution des problèmes économiques de cette région. Mais l'importance et la persistance de ces problèmes laissent croire qu'une recherche et une évaluation objective s'imposent, particulièrement en ce qui concerne les nouvelles initiatives. À cet égard, il est important de tenir compte du fait que certaines politiques macro-économiques peuvent avoir plus d'impact sur l'activité industrielle d'une région que les politiques ajustées à cette région particulière. Ainsi, les dépenses de programmes de transferts comme l'assurance-chômage (AC) dépassent d'habitude de beaucoup les sommes consacrées aux programmes de développement. En règle générale, les programmes régionaux qui améliorent la productivité sont ceux qui semblent offrir le plus de possibilités à long terme pour la promotion économique des provinces atlantiques. Certaines politiques et certains programmes, comme les achats du gouvernement fédéral auprès de sociétés régionales, les subventions à l'industrie, et la création d'emplois à court terme produisent des résultats moins évidents. En ce qui concerne la décentralisation des programmes régionaux -- un objectif qui semble avoir du mérite -- il faut reconnaître qu'elle ne suffit pas pour garantir le véritable contrôle régional.

La prépondérance des transferts comme l'assurance-chômage dans l'économie de la région de l'Atlantique inquiète depuis longtemps les décideurs régionaux et les spécialistes du développement communautaire. Un organisme qui a réussi à trouver de l'emploi à des assistés de longue date est la Human Resource Development Association (HRDA) de Halifax. La HRDA a été fondée en 1978 dans le but de créer des possibilités d'emplois permanents et d'offrir un substitut social et économique positif au bien-être social; au début, elle s'est consacrée à la recherche d'emplois pour les parents uniques, les handicapés et autres personnes fortement désavantagées. Le financement de l'association a été assuré par une subvention globale du département d'assistance sociale de la ville et une subvention complémentaire du gouvernement provincial. Quoique le département de planification sociale de Halifax ait joué un grand rôle dans la mise sur pied de la HRDA, cette dernière devait agir indépendamment du conseil municipal. L'administration de l'organisme incombait à son conseil de direction, dont les membres connaissaient bien la communauté et le milieu des affaires.

Au commencement, la HRDA s'est concentrée sur les besoins de son groupe cible et a orienté ses efforts vers la formation et le placement de personnes souffrant d'handicaps mentaux légers dans des ateliers protégés. Elle s'est également lancée dans la gestion d'entreprises, entre autres, une concession de location de voitures, deux sociétés d'entretien d'immeubles et une autre offrant des services commerciaux.

La récession nationale et certains problèmes de gestion ont occasionné, vers la fin de 1981, de sérieuses difficultés financières pour la HRDA. Cet état de choses a amené un changement marqué d'orientation qui a donné lieu à l'embauche, en 1982, d'un nouveau directeur général qui possédait une solide expérience des petites entreprises. Depuis 1982, la HRDA a attaché plus d'importance à la rentabilité et aux contrôles financiers; elle a cessé aussi de maintenir des ateliers protégés. De plus, les progrès du groupe cible sont maintenant rigoureusement contrôlés, par opposition aux normes plutôt vagues qui étaient appliquées durant les premières années.

Ces changements ont amélioré la position financière de la HRDA. Alors que l'association accusait en effet une perte d'environ 8 000 $ en 1982, elle affichait, en 1987, des bénéfices de plus de 100 000 $. La HRDA a placé aussi plus de personnes en 1987 qu'en 1982. Néanmoins les placements de membres du groupe cible, qui représentaient à peu près 75 % des placements réussis en 1982, n'en représentaient plus que 50 % en 1987. Ce changement a poussé certaines personnes à accuser la HRDA de faire passer les profits avant l'aide au groupe cible. De plus, des gens d'affaires d'Halifax se sont plaints que les entreprises subventionnées de la HRDA créaient une concurrence déloyale. Même si tout semble indiquer que la HRDA est une initiative à imiter ailleurs au Canada, cette organisation fait actuellement face au problème de l'équilibre difficile à maintenir entre son désir d'être rentable et celui d'assurer la formation et le placement des membres de son groupe cible.

ABSTRACT

In the post-war period, the persistence of disparities in income and employment between the Atlantic provinces and the rest of Canada has prompted a wide range of initiatives designed to stimulate economic development in the Atlantic region. Among the early federal initiatives designed to address the region's problems were the Atlantic Development Board (1962), which supported projects such as road building and the development of hydroelectric power, and the Area Development Agency (1963), which provided a variety of incentives for industries to locate in areas of high unemployment.

The establishment of the Department of Regional Expansion (DREE) in 1969 represented a more systematic attempt to address the economic problems of the Atlantic region. Under DREE, assistance for infrastructure projects was initially targeted at a number of growth centres which, it was believed, would prove to be catalysts for economic development throughout the region. Meanwhile, direct assistance to industry was provided under the Regional Development Incentives Act. However, DREE aroused much controversy during its 13-year history, and, in 1982, it was terminated. Most of its program functions were absorbed into the new Department of Regional Industrial Expansion (DRIE). But the new department's focus on national economic development did little to counter the general impression that the federal government was no longer interested in regional development.

DRIE, in turn, has been superseded by the Atlantic Canada Opportunities Agency (ACOA), established in 1987 and designed to represent renewed federal commitment to the development of the Atlantic provinces. The agency has its headquarters in Moncton and emphasizes decentralized decision-making. With a budget of $1.05 billion for a period of six to seven years, ACOA is expected to play a key role in coordinating federal policy in the Atlantic region. It has absorbed some existing programs and introduced some new ones of its own.

In addition to the well-known federal development initiatives described above, the region has seen a number of development initiatives launched at the provincial and local level. As well, a number of community development corporations and other self-help organizations have sprung up in recent years. These locally-based organizations have come to play an increasingly important role in stimulating economic activity at the local level. (The activities of one such community development corporation, the Human Resources Development Association of Halifax, are described in more detail below).

It is not clear just how effective government regional policy has been at solving the economic problems of the Atlantic region. But its continuing importance suggests the need for objective evaluation and research, particularly with respect to new initiatives. In this connection, it is important to bear in mind that some macroeconomic policies may have a greater impact on regional industrial activity than policies aimed specifically at the region. For instance, expenditures on transfer programs such as Unemployment Insurance (UI) are far greater, typically, than those on programs aimed at promoting development. In general, regional programs which increase productivity appear to offer the best long-run potential for promoting development in the Atlantic provinces. More problematic are policies and programs such as the targeting of federal government procurement at regional firms, industrial subsidies, and short-term job creation schemes. As for the decentralization of regional programs, while it certainly appears to be a worthwhile objective, it is important to recognize that formal decentralization is in and of itself no guarantee of effective regional control.

Atlantic Canada's continuing heavy dependence on transfer payments, such as Unemployment Insurance (UI), has long been of concern both to regional policymakers and to community development practitioners. One organization that has had some success in getting long-term social assistance recipients off the welfare rolls and into paid employment is the Human Resource Development Association of Halifax (H.R.D.A.). Established in 1978 to create long-term employment options and a positive social and economic alternative to welfare, H.R.D.A. initially targeted single parents, the disabled, and others with severe employment-related disadvantages. Its initial source of funding was a block grant from the City of Halifax's Social Assistance budget, cost-shared with the provincial government. But while H.R.D.A. was launched largely through the efforts of the municipal Social Planning Department, it was set up to operate independently from the municipal government. Overall responsibility for the organization rested with a Board of Directors whose members had wide community and business experience.

Initially H.R.D.A. focused strongly on the needs of its target group, emphasizing training and the placement of mentally handicapped individuals in sheltered workshops. It also began to operate a number of businesses, including a car rental franchise, two cleaning companies, and a company providing business services.

At the end of 1981, H.R.D.A. underwent a major financial crisis, which resulted both from the national economic recession and from management problems. This experience was to lead to a significant shift in emphasis, which started with the hiring, in 1982, of a

new general manager with extensive small business experience. Since 1982, H.R.D.A. has placed greater emphasis on profitability and financial control; it has also ceased to operate sheltered workshops. As well, the progress of target group employees is now carefully monitored, in contrast to the relatively lax standards of earlier years.

These changes have put H.R.D.A. into a stronger financial position. While it showed a loss of about $8,000 in 1982, in 1987 it posted a profit of more than $100,000. Employment at H.R.D.A. was also higher at the end of 1987 than it had been at the end of 1982. But target group employment, which had been about 75 per cent of total H.R.D.A. employment during the first half of the 1982s, was little more than 50 per cent at the end of 1987. This change has led some to charge that H.R.D.A. has become more interested in profits than in assisting the target group. As well, some Halifax business people have complained that they are in unfair competition with subsidized H.R.D.A. ventures. While the evidence suggests that H.R.D.A. is the kind of initiative which might well be replicated elsewhere in Canada, it faces the problem of maintaining an extremely delicate balance between its desire to make a profit and its desire to provide training and employment for target group members.

TABLE OF CONTENTS

Foreword xi

Acknowledgements xiii

CHAPTER ONE:

Introduction 1
Regional Disparities 2
Regional Development Programs 9
The Issues 16
The Effectiveness of Regional Development Policy ... 16
The Role of Macro Policy in Affecting Regional Output 18
The Interaction between Regional Development and Regional Compensatory Policies 19
Setting the Appropriate Direction for Regional Policy 21
Decentralization 22
Procurement Policies 24
An Expanded Role for Community Development Corporations 25
Conclusion 26

CHAPTER TWO:

Introduction 28
The Development of H.R.D.A. 29
A Current Profile of H.R.D.A. 38
H.R.D.A. Enterprises 39
Table 2.1 - Reliable Leasing 40
Table 2.2 - Domestic Appliance Repair 42
Table 2.3 - Sure Shine Cleaners 44
Table 2.4 - Skyline Industrial Painters 48
H.R.D.A. Training 49
OPTIONS 49
Dining Room Service Program 51
Tradeperson Assistance Program 52
Gottingen St. Development 52
Organizational Structure 54
Financial Profile 58
Table 2.5 - H.R.D.A. 60
Employment at H.R.D.A. Enterprises 63
Table 2.6 - Employment at H.R.D.A. since 1982 64
Table 2.7 - Targe Group Employment 67
Impact on the Target Group 70
Conclusions 74

APPENDIX ONE - Structure of H.R.D.A. 78

APPENDIX TWO - H.R.D.A. Board of Directors (September, 1988). 79

APPENDIX THREE - List of Persons Interviewed 80

NOTES- Chapter One 81
- Chapter Two 82

BIBLIOGRAPHY 85

FOREWORD

The purpose of the Economic Council's project on Directions for Regional Development was to look at situations in which local communities had assumed more responsibility for their own development, and to see what lessons could be learned from these experiences. Fourteen case studies were undertaken, while a number of Issue Papers examined subjects of general concern to communities and development practitioners. The research was deliberately designed to be different from work typically undertaken by the Council in the past. The primary task was to collect instructive evidence, and to verify it where possible by drawing upon existing evaluation studies. The authors were not expected, for example, to undertake the extensive data collection needed to do cost-benefit studies. Rather, they were asked to capture the diversity of the local development experience in Canada.

The results of the research are being reported in a special collection of Local Development Papers. The first seven releases in the collection are listed at the end of this document. Further papers addressing the problems of single industry towns, urban cores, development indicators and other cases and aspects of local development will be released over the next few months and an overview of the findings from these cases and Issue Papers will be presented in a paper entitled Developing Communities: The Local Development Experience in Canada.

A subsequent phase of the project will analyze the context within which local development initiatives take place and evaluate their actual and potential impact on reducing regional disparities.

This Paper presents one of the 14 case studies produced by the Directions for Regional Development project under the direction of Dal Brodhead. Geographically, these studies span almost the entire country, from Nanaimo, British Columbia, to St. Anthony's, Newfoundland. The range of initiatives described is almost equally broad; it goes all the way from the establishment of a small credit union designed to provide basic financial services to the residents of a single community to a comprehensive long-term area development initiative involving all three levels of government and designed to achieve a wide variety of socioeconomic objectives over a ten-year period. A unique feature of the project was its regional orientation through the use of three regional consultants who played a major role in the development of the case studies and the consultation process. Equally important were the numerous joint research ventures undertaken with a wide range of regionally based partners.

Our work in the first part of the project suggests that programs sensitive to the needs of individual communities, and based on some type of partnership between government and local groups, may make a contribution to economic development in Canada's diverse regions. In particular, our research suggests that communities have an important role to play in identifying development priorities and the particular skill requirements of individuals and local businesses. They also indicate that such "bottom-up" strategies can be assisted by a Local Development Organization (LDO), whose mandate is sufficiently broad and constituency base sufficiently large to enable it to take a long-term development perspective. An important feature of "bottom-up" community development strategies is their focus on community capacity-building aimed at increasing local self-reliance and innovation.

This paper offers two different perspectives on regional development in Atlantic Canada. Chapter 1 provides a general overview of key Atlantic Canada regional development issues, policies, and programs. This sets the stage for the more specific discussion in Chapter 2, where the activities and impacts of the Human Resources Development Association (H.R.D.A.) of Halifax, Nova Scotia, are described in some detail. In recent years, H.R.D.A. has attracted considerable attention, both in this country and the U.S., as a possible mechanism for helping social assistance recipients make the transition from the welfare rolls to productive employment and independence. The extent to which H.R.D.A. could be replicated by other Canadian municipalities is a question of considerable interest both to regional policy-makers and to municipal officials throughout the country.

Elizabeth Beale is a consulting economist in Halifax. She was formerly chief economist with the Atlantic Provinces Economic Council.

Judith Maxwell
Chairman

ACKNOWLEDGEMENTS

I wish to thank the staff and members of the Board at H.R.D.A. for their full cooperation and assistance throughout all stages of the study. I am particularly grateful to Dan Hunter, General Manager of H.R.D.A. for endeavouring to respond to my numerous requests for information, Kathleen Fogarty at the Social Planning Department who undertook the survey and Harold Crowell, Chairman of H.R.D.A., for taking an active interest in this Case Study. The author takes full responsibility for any errors or omissions in text.

CHAPTER ONE

REGIONAL DEVELOPMENT IN ATLANTIC CANADA: REVIEW AND ISSUES

INTRODUCTION

In the post-war period, the persistence of disparities in income and employment between the Atlantic provinces and the rest of Canada has inspired a wide range of initiatives designed to stimulate the Atlantic region's economic development. Virtually since their inception, these regional development policies and programs have been the focus of intense scrutiny. The debate has centred on the effectiveness of the various initiatives, the levels of funding, the extent of program coverage, and the appropriate direction for new programs. The assessment of regional development policies has also necessarily included a consideration of a wider set of issues, such as the interaction -- and sometimes the conflict -- between national and regional policies, or between compensatory and developmental policies.

This section reviews the trends in Atlantic regional development policy and explores some current issues which are particularly important to the Atlantic provinces. Given recent developments in federal regional development policy, this discussion may be especially timely. Following several years of frequent program changes which indicated dissatisfaction with the results of earlier programs, the federal government established the Atlantic Canada Opportunities Agency in 1987, with a full mandate for regional development activities in the Atlantic

region. The new agency will undoubtedly have to wrestle with many of the unresolved issues which have dogged the steps of regional policy makers over the years, such as conflicting federal and provincial agendas and the determination of the most appropriate use of scarce resources. However, preliminary evidence suggests that the agency is open to new ideas and may be willing to try a more innovative approach to these old problems.

The discussion is divided into three parts. The first part provides some background on the nature and extent of regional disparities in the Atlantic provinces. A second part reviews regional development programs, primarily those federal programs which are targeted at the region or province, although other regional initiatives are also considered. A final part focuses on some of the key issues which currently dominate the discussion of regional development in the Atlantic region. This discussion is necessarily wide-ranging, intending less to provide the reader with a definitive statement on regional topics than to illuminate some of the issues which are likely to be of importance in years to come.

REGIONAL DISPARITIES

Unequal rates of growth across regions and sectors of the economy and the ensuing economic inequalities are, of course, a characteristic of economic growth in all market economies. Canada is no exception to this pattern. During the 1970's,

western Canada boomed in response to oil price shocks, resulting in a dramatic increase in income and employment. A similar pattern is currently being observed in central Canada, a response to different economic stimuli.

Nonetheless, regional inequalities between the Atlantic provinces and the rest of Canada have remained remarkably constant over the years. The level of disparity varies among the four eastern provinces, but overall, the size of the gap is considerable in comparison to other regions of Canada. Moreover, compared to other countries, Canada has one of the highest levels of regional imbalance.[1]

Regional disparities have contributed to a steady flow of out-migration from the Atlantic provinces, although the pattern has changed slightly in recent years. Prior to 1971, all four provinces lost population to other parts of Canada at a faster rate than was the case for any other province except Saskatchewan. Since 1971, the flow has been reversed in two provinces. Nova Scotia experienced stronger in-migration in the early 1980's as the result of a boom associated with oil and gas exploration, while P.E.I.'s positive rate of net migration reflects in part the transfer of a major federal department to Charlottetown. However, the region as a whole has continued to experience net out-migration; this is particularly the case for Newfoundland.[2]

The extent of the disparity becomes readily apparent when we look at some indicators of labour force activity. Unemployment rates for the four provinces are typically well in excess of the national rate: moreover, in the last ten years, there has been little closing of the gap between national and provincial rates. The disparity is most pronounced in Newfoundland, where annual unemployment rates have been on average double the Canadian rate during this decade. Within each province, differences in the unemployment rate are also quite significant: northern New Brunswick, northern Nova Scotia (notably Cape Breton), and the sections of Newfoundland and Labrador outside of the Avalon Peninsula typically experience unemployment rates well above the corresponding provincial average.

High unemployment rates in all four provinces are closely correlated with low participation rates, reflecting the existence of significant "discouraged worker" effects. It is therefore often argued that unemployment rates, particularly in rural areas, underrepresent the 'true' level of unemployment. However, participation rates in the Atlantic provinces are also affected by other factors, such as high fertility rates, which result in lower female participation rates, and a lower portion of the population in the prime working age group, where participation rates tend to be highest.[3]

The region's economic structure likewise plays a major role in explaining its persistently high rates of unemployment. Regional

employment patterns exhibit a high degree of seasonality, particularly in Newfoundland, where a significant portion of employment occurs in the fishery and fish processing, and in Prince Edward Island, where employment is relatively concentrated in seasonal industries such as agriculture, the fishery, food processing, and tourism.[4] The lower level of urbanization within the region also contributes, since labour markets are unable to operate as efficiently as they would in more concentrated urban centres. High unemployment rates can also be exacerbated by factors such as transfer payments and low income and education levels, which reduce mobility by inhibiting either the desire or the ability to seek employment outside the region.

Regional employment patterns also show evidence of being quite cyclically sensitive: the disparity evident in regional unemployment rates tends to be exacerbated by high levels of national unemployment, as was evident in the period following the 1981 recession. Several factors may be responsible, such as the relative dominance of cyclically sensitive industries, notably forestry and mining, and a greater concentration of employment in small firms, which are less resilient to economic downturns than medium-sized enterprises.

Economic inequalities between the Atlantic provinces and Canada as a whole are also evident in various measures of income such as personal income per capita. In 1984, personal income per capita for the four provinces ranged between 67 per cent and

80 per cent of the Canadian average. Since the 1950's, there has been a slight closing of the income gap between the Atlantic region and Canada, largely due to increases in a variety of income transfers, although the improvement has slowed somewhat since the 1970's. However, personal income per capita in the Atlantic provinces measured against the Canadian average has yet to meet the peak reached during World War II, when many communities were important supply points for the European war effort.

While the rate of growth of transfers has slowed somewhat in recent years, the continuing importance of transfers in the Atlantic region should not be underestimated. In 1985, for example, personal transfers as a share of personal income for the four Atlantic provinces ranged between 19 per cent in Nova Scotia and 30 per cent in Newfoundland -- well above the comparable rates in other provinces.[5] Unemployment insurance benefits are now the largest component of all personal income transfers across the region: in 1983, for example, this source contributed 44.3 per cent of all income support payments in Newfoundland, compared with 28.9 per cent for all of Canada.[6]

However, while the benefits of personal transfers to individuals and the region are considerable, these transfers are not in themselves a solution to the region's economic problems. The persistence of high budget deficits and the federal government's plan to reduce the deficit indicate that any further potential to redress economic inequalities through the transfer

system is limited. Furthermore, the negative consequences of dependence on transfers, particularly U.I., are increasingly being recognized within the Atlantic region.

The region's ability to generate wealth is more appropriately measured by market income. Market income per capita in the four provinces as a percentage of the Canadian average in 1985 ranged between 55 per cent in Newfoundland and 77 per cent in Nova Scotia. The disparity evident in these figures has remained virtually constant since 1970.

Less than half of the gap in market income per capita between the Atlantic provinces and Canada as a whole results from differences in labour force participation rates, the age structure, and the unemployment rate. The balance of the disparity reflects lower levels of productivity as measured by output per worker.[7]

Two of the most important determinants of output and earnings per worker are the quality of the labour supply and capital intensity. Differences in formal educational attainment levels are the most significant factor in explaining variations in labour quality. In all the Atlantic provinces except Nova Scotia, the level of educational attainment is below that of Canada as a whole.[8] The situation in Newfoundland is most striking: in 1985, 30 per cent of the population were considered to be functionally illiterate (possessing less than a grade nine education) compared

to 19 per cent for the country as a whole. Moreover, a significantly smaller proportion of Newfoundland's population has completed university. Overall, the gap in educational levels between Newfoundland and Canada did not change in the ten years prior to 1985.[9]

Productivity is also affected by the amount of capital utilized per worker. Numerous studies have pointed to the enormous provincial variations in capital intensity, although this is not always correlated with output per worker.[10] In Newfoundland, for example, where the capital stock per worker is high, wages are lower than the national average. Nevertheless, it is estimated that these two factors, capital intensity and labour quality, between them explain close to 70 per cent of the differences in output per worker observed between the Atlantic provinces and Canada as a whole.[11] Other relevant factors include the rate at which new technology is adopted, differences in plant size, seasonality of industry, and degree of urbanization. Industrial structure plays relatively little role in explaining productivity differences except in Prince Edward Island, where employment is more concentrated in primary sectors such as agriculture and the fishery, and less so in manufacturing.[12]

REGIONAL DEVELOPMENT PROGRAMS

While the federal government had long been aware of the continuing economic problems of the Maritime provinces,[13] it was not until the 1960's that specific regional development policies were first in evidence in the region. Since then, regional development programming has undergone numerous metamorphoses, although the focus of federal efforts has remained primarily on developing the industrial base either by providing funding for infrastructure projects or through offering a variety of incentives to firms.

Some early initiatives included the Atlantic Development Board (1962), which supported projects such as road building and hydro electric power development, and the Area Development Agency (1963), which provided first tax incentives and later cash grants to encourage the location of industry in areas of high unemployment. However, it was not until the establishment of the Department of Regional Expansion (DREE) in 1969 that the first concentrated effort was made to reduce regional disparities between the Atlantic region and the rest of the country.

DREE provided a much more coordinated and comprehensive approach to regional development programming than had ever been attempted previously. Assistance for infrastructure projects was targeted initially at a number of "Special Areas", growth centres which it was hoped would provide a catalyst for economic

development throughout the region. After 1973, the implementation of General Development Agreements (GDA's) with the provinces provided federal-provincial funding for a more diverse range of programs as well as allowing greater provincial involvement through joint management committees. P.E.I. was the sole exception, having entered into a unique fifteen-year development agreement with the federal government in 1969.

Direct assistance to industry was provided under the Regional Development Incentives Act (RDIA). Grants and loan guarantees were available on a discretionary basis to manufacturing and processing industries in designated areas of depressed economic activity in each province. The amount of the grant depended primarily on the number of jobs created and the initial capital costs. After 1973, however, concerns about the lack of effectiveness of these incentives[14] led to the scaling back of RDIA: by 1978-79, it accounted for only 6.9 per cent of departmental expenditures, compared with 28.6 per cent in 1971-72.[15]

During its thirteen-year history, DREE was frequently at the centre of controversy. There were complaints from those in the Atlantic provinces that as DREE's mandate had gradually expanded to include other regions of Canada, the focus on the Atlantic region had been lost. Certainly the region's share of departmental expenditures declined over the years, although over the period, DREE expenditures in the Atlantic provinces totalled

$2.4 billion, or over 40 per cent of all departmental spending. Dissent also arose over DREE's decentralization. Opposition originated with certain politicians and bureaucrats who viewed this step, in tandem with the GDA's, as encouraging "province building" and were concerned with the ensuing loss of federal control over regional development programs and expenditures.[16]

A combination of external and internal pressures led to DREE's demise in 1982. The responsibility for policy and coordination was given to the Ministry for State for Economic and Regional Development, while program functions were absorbed, along with many programs of the former Department of Industry, Trade and Commerce (ITC), into the new Department of Regional Industrial Expansion (DRIE).

While the spirit of the GDA's was maintained through their successor, the Economic and Regional Development Agreements, DRIE'S focus on national industrial development inevitably moved regional development concerns to second place. This was most evident in the establishment (1983) of the Industrial and Regional Development Program, which consolidated a number of programs previously available through ITC and DREE. Provincial criteria for assistance were replaced by criteria which measured the level of disparity at the sub-provincial level: thus firms in the least-developed parts of the wealthiest provinces could qualify for the highest levels of assistance, while firms in the most-developed parts of poorer provinces might qualify only for the

lowest levels of assistance.[17] This policy change did not, by and large, augur well for the Atlantic provinces. Two new programs targeted at the Atlantic region were announced subsequent to this reorganization: the Atlantic Canada Enterprise Program (1986), which provided loan guarantees and interest buy-downs, and the Atlantic Opportunities Program (1986), which attempted to increase the level of federal procurement in the Atlantic provinces. However, these programs were fairly limited in scope and failed to counter the general impression that regional development was no longer of paramount importance to the federal government.

The Atlantic Canada Opportunities Agency (ACOA) which was established in 1987, is the most recent manifestation of federal regional development strategy. It is intended to represent a renewed commitment to regional development in the Atlantic region. Local decision-making is seen as a key to this new venture's success: the agency is headquartered in Moncton, with offices around the region and in Ottawa. The agency, which is advised by a private-sector Board, will play a pivotal role in coordinating all federal policy in the Atlantic region. Total funding for its initial five-year term was originally set at $1.05 billion; however, owing to cutbacks in the most recent budget, this money is to be allocated over a six-to-seven year period.[18]

ACOA has absorbed some existing programs and introduced some new initiatives. The ACOA Action Program replaces the Atlantic

Enterprise Program and the Industrial and Regional Development Program. This program places relatively greater emphasis on the encouragement of new entrepreneurs and new product expansion. A wider range of sectors qualifies for assistance, including some business and research services. It is of particular note that non-profit organizations, including universities and local development associations, are also eligible for funding. While the mechanisms are similar to those in previous programs (i.e., loan guarantees, grants for modernization and research, etc.), the agency guarantees much more flexibility with regard to the types of support offered than was the case under previous programs. Other programs are expected to be announced over the next few months.

While federal initiatives such as the ones described above have dominated recent development activity in the Atlantic provinces, there are numerous other regional or local initiatives which deserve mention.

Certain programs are targeted at a particularly disadvantaged region within a province. For a number of years, federally funded agencies such as the Cape Breton Development Corporation and the Strait of Canso Industrial Development Authority have provided a range of incentives to diversify and increase employment in the Cape Breton economy. The need for a more comprehensive approach was recognized with the establishment of Enterprise Cape Breton in 1985. The agency has placed a considerable emphasis on the

coordination of federal and provincial programs as well as a reliance on substantial local involvement.[19]

In its first two years of operation, Enterprise Cape Breton has made offers of assistance to 205 companies, for a total commitment of $266 million. As of February 1988, Enterprise Cape Breton has joined with the Atlantic Canada Opportunities Agency, although it continues to offer preferential rates of assistance under the ACOA Action Program. Most of the ECB assistance goes to small and medium-sized firms.

Until last year, a federal Investment Tax Credit was also available to firms operating in Cape Breton. The tax credit, which expired in July, 1988, offered a rate of 60 per cent. Between 1985 and 1988, some 238 projects were certified for the tax credit, for a total commitment of $109 million.

Because these intiatives are still relatively new, their impact on the Cape Breton economy is yet to be determined. As of March, 1988, projects with a total value of $266.1 million had been approved by ACOA for assistance in Cape Breton, with a federal contribution of $152.1 million. However, it still is not clear how much direct employment has resulted from these incentive programs. There are significant time lags between approvals of assistance and the establishment of new enterprises. Of the funding commitment referred to above, less than $28 million was spent in the first two fiscal years of the program.[20]

The provinces have also undertaken a variety of economic development initiatives, although typically, "governments in the Atlantic region have tended to be more concerned with simply attracting new employment and income-creating activity than with its location in the province".[21] There are exceptions, however, such as the Economic Development Commissions in New Brunswick. These operate primarily in the more depressed regions of south-eastern and northern New Brunswick and provide facilities such as serviced land. Other initiatives with a specific regional focus include local development associations, which are to be found in all provinces. Typically, these operate primarily by means of volunteers, although they may attract funding for specific projects. Some are affiliated with municipal governments.

Of increasing interest today is the role which community development corporations and other self-help groups are playing in stimulating economic activity at the local level. The Atlantic provinces have had a long history of such initiatives. Credit unions and housing, fishing, and consumer cooperatives grew rapidly during the 1930's, and many of these have continued to this day. Certain parts of the region have relied heavily on these initiatives, namely the Acadian communities in the Maritimes and the rural regions of northern Nova Scotia and Newfoundland.

A number of community development corporations have recently been established. While the focus, methods, and organizational

structure of these ventures can vary substantially, all aim to create local employment and strengthen local communities. Two of the more successful community development corporations in Nova Scotia have provided employment through the establishment of a number of small businesses. One, the Human Resources Development Association in Halifax, is examined in the following section. New Dawn Enterprises, on the other hand, is targeted at industrial Cape Breton. Its operations include property management and development and a range of services and assistance to new business. Both these community development corporations have substantially reduced their reliance on government funding as their operations have grown.

THE ISSUES

In this last part, some of the issues which characterize the current discussion of regional development topics in the Atlantic region are explored. Some pertain more to a particular program direction, while others are linked to an overall framework for regional development policy.

The Effectiveness of Regional Development Policy

One of the most contentious issues in the field of regional development policy is how effective previous policies have been in improving the economy of Atlantic Canada. Early policy statements from DREE, for example, clearly stated an objective of

improving per capita labour income and increasing employment. However, as the discussion on disparities has shown, there has been little evidence of any improvement in the level of economic inequality between the Atlantic region and the rest of the country, except insofar as increases in transfer payments have helped to lower the gap in per capita incomes. Furthermore, research studies which have focused on the impact of incentives to industry on employment or output have shown rather inconclusive results.[22]

The lack of consensus on the effectiveness of various initiatives has been a key factor in the frequent program changes and challenges to funding that have characterized Canadian regional development policy. Policy makers at all levels have struggled to design new policies or adjust old ones, often with little clear idea of the effect of their actions. Undisciplined experimentation has been the rule rather than the exception in many regional programs.

Certainly, the issue of the effectiveness of regional policy is unlikely to be resolved in the short run. However, its continuing importance suggests a heightened need for objective evaluation and research, particularly with respect to new initiatives.

The Role of Macro Policy in Affecting Regional Output

Macroeconomic policies, i.e., those using national economic controls related to fiscal and monetary policy, have a variable impact on economic activity across regions. But certainly some macro policies may have a greater impact on industrial activity at the regional level than any specific regional initiative. The Canada-U.S. Free Trade Agreement, for example, is likely to have widespread effects across industrial sectors in the Atlantic provinces, with adjustments occurring over an extended period of time. It is difficult to envisage any regional development initiative which could match the FTA in either scope or magnitude.

The macro policy environment in 1989 is not a particularly supportive one from a regional perspective. As macro policy in the 1980's has sought to control inflation and moved away from a more interventionist approach related to job creation, unemployment rates in western as well as eastern Canada have remained high despite strong employment gains at the national level. In this environment, it is unrealistic to expect programs at the regional level, which are limited in size, to fully counter the negative effects of national policies.

A positive development in the recent period has been an increased awareness of the interaction between policies at various levels and the need to coordinate regional policy with the initiatives of various departments. The mandate of the Atlantic

Canada Opportunities Agency, for example, provides for the coordination of all federal activities related to economic growth in the Atlantic region. Although such coordination cannot always resolve the conflict which is bound to emerge between regional and national goals, it does ensure that the impact of their interaction is better understood.

The Interaction between Regional Development and Regional Compensatory Policies

The interaction of regional development and regional compensation schemes has come under great scrutiny in the current period. The chief focus of concern has been the Unemployment Insurance Program, which among other things provides extended benefits to the unemployed in regions where unemployment rates exceed the national average.

The distortionary effect which the Unemployment Insurance Program has on the region's labour markets and local economy was highlighted in the 1986 Report of the Royal Commission on Employment and Unemployment in Newfoundland.[23] As the report noted, the 'ten week' syndrome is increasingly dominating labour force activity in non-urban Newfoundland. The work patterns of fishermen and others are geared towards obtaining the ten weeks of employment or 'stamps' required to qualify for unemployment insurance benefits. Beyond that, there is little incentive to undertake further employment which could reduce U.I. benefits.

This has a deleterious effect on traditional patterns of employment, in which an individual typically undertakes a variety of seasonal occupations over the year. It also frustrates efforts geared at local development and job creation, since employers in many seasonal operations are unable to attract labour despite high local unemployment.

Regional development programs thus can end up trying to work against the effects of U.I. and other compensatory programs. The regional policy maker's task is made even more difficult by the sheer magnitude of the expenditures on transfers: regional development expenditures typically represent only a small fraction of expenditures under compensatory programs.

Removal of some of the more distortionary aspects of the Unemployment Insurance program could certainly provide benefits to the economy of Atlantic region, particularly if program reform were coupled with other initiatives designed to provide income security. The Newfoundland Royal Commission Report suggests a number of alternatives for a guaranteed annual income which would encourage the work ethic and labour force participation as well as providing assistance to those in need. Such changes would allow the U.I. program to return to its previous role of providing short-term income for transitional purposes.

Setting the Appropriate Direction for Regional Policy

Over the long run, the goal of regional development policy must be to strengthen the local economy and reduce unemployment rates. The issue is what is the appropriate course for regional development policies to pursue in order to achieve this goal. Governments have had to choose between employment creation or maintenance and productivity improvements, and between enhancing (or maintaining) the status quo and encouraging adjustment. Previous programs have tried to strike a balance between these alternatives, depending upon the pressures from within and outside the region.

While job creation may be essential in areas of high unemployment as a short-run policy, it is increasingly debatable whether it should be a primary focus for longer-term regional development policy.[24] Previous efforts to maintain employment in threatened industries through subsidies or other means have proved largely futile: as soon as the subsidy has been withdrawn, the jobs have disappeared. Furthermore, the scope to pursue such policies is likely to be increasingly curtailed through trade agreements at the bilateral as well as the multilateral level. Indeed, certain federal programs which subsidize activity on a regional basis have already been subject to countervail application and action by the U.S., affecting industries important to the region such as the fishery.

Changing technologies and the removal of many protectionist measures internationally have resulted in a much more open and competitive economy. A more dynamic economy in the Atlantic region over the long run requires that industry be in a position to adjust continually to trends in the international economy. Thus, regional development programs which increase productivity appear to offer the best long-run potential for growth and employment.

Decentralization

The policy of decentralization of regional programs and the provision of greater regional decision-making, which started with DREE during the mid 1970's, has become even more firmly established in the Atlantic Canada Opportunities Agency. The primary rationale for decentralization is to ensure that regional development programs are more receptive to regional input and requirements -- a worthwhile objective. However, one drawback may be that decisions made locally are more likely to be subject to "local political pork barrelling or featherbedding of inefficient industry"[25] -- problems more easily avoided if decisions can be made in an atmosphere less affected by local pressures.

A greater problem may be that by focusing on local economic priorities, policy-makers may tend to become too introspective, thus ignoring some of the wider issues which can affect the region's economy. A regional agency may have neither the

resources nor the contacts necessary to keep itself fully informed of trends and policy developments in the national and international economy. Furthermore, the establishment of separate regional development agencies across the country may result in poor coordination of efforts among these agencies and loss of control at the federal level. By the same token, formal decentralization is in and of itself no guarantee of effective regional control. It would be perfectly possible for government, while professing itself to be in favour of decentralization, to continue to pursue top-down strategies. In the case of ACOA and the other new regional agencies, it must remain to be seen whether government's professed devotion to decentralized decision-making is matched by its actions over time.

A question of perhaps much greater ultimate importance than the appropriateness of centralization vs. decentralization in federal regional development is the broader one of precisely what role government should be playing in regional development policy as we enter the 1990's. As was noted earlier, budget constraints, an increasingly competitive international economy, and the ever-present threat of countervail action from the U.S. will make it increasingly difficult for governments to rely on traditional policy instruments such as subsidies, location incentives, and protective tariffs in the years ahead. While few would suggest that government can (or should) withdraw from the field of regional development altogether, the new economic rules suggest that government will probably have to operate in quite a different

fashion that it has been used to in the past. It remains for policy-makers at the various levels of government to decide just what government's new role should be, and what kinds of policies are best suited to that new role.

Procurement Policies

Some questions must also be raised about the use of federal government purchasing policy as a regional development mechanism. On the surface, the targeting of federal government procurement at regional firms might appear to be of potential benefit to the region, by acting as a catalyst to allow firms to expand product lines or improve economies of scale.

However, as has been the case with other preference policies, this program is more likely to reinforce anti-competitive trends. Governments will pay more for goods and services and local producers may see an opportunity to add on further to the price of a tender. In the long run, such a policy is apt to be of little benefit to the region. While there may be some employment gains in the region (at the expense of employment elsewhere), the cost of achieving those gains is considerable. Regional companies may be encouraged to invest in a level of production which can be sustained only through continued government purchasing; such a program thus leaves producers more dependent and less competitive than before. As well, the program runs counter to other federal

efforts to produce a less fragmented economy through a reduction in preference policies.

An Expanded Role for Community Development Corporations

Community development corporations and other community-based ventures play an important role in the economic life of many communities in the Atlantic provinces. CDCs have undertaken many types of activities which the private sector has been unwilling to pursue: in so doing, they have provided many of the intangible benefits associated with self-help activity, such as an increased sense of self-worth and potential, in addition to tangible benefits such as job training and employment. The inclusion of community development corporations and other non-profit groups in the list of eligible sectors for the ACOA Action Program indicates a heightened awareness of the potential of these organizations to contribute to the region's economic development.

The question of whether CDC's are in a position to expand and offer wider regional benefits deserves close evaluation. To date, most of the activities undertaken by CDCs in the Atlantic provinces have been rather limited in scope. The employment created through small business started by CDCs has tended to be low wage, as the following section shows. And some CDCs have remained heavily dependent on government funding. Most important, it is not clear that a shortage of capital is the primary problem which limits the growth of CDCs. Evaluations of CDCs have

typically pointed to many other problem areas, such as a lack of management expertise, and confusion over whether the CDC's primary function is to make a profit or provide a variety of social benefits. Targeting regional development assistance at the non-profit sector may result in many innovative initiatives, but at the same time, a close evaluation of the costs and benefits is essential.

CONCLUSION

This chapter has highlighted some of the fundamental issues related to regional development in the Atlantic provinces. Of course, this is not an exclusive list: there are many other topics which could be included. These particular issues have been selected because they illustrate the need for regional development policy to be outward-looking and innovative and responsive to change.

Changes in the global economy, pressures to remove trade irritants and concerns about the size of government deficits are forcing a continuing re-evaluation of regional policy, and in particular, of the appropriate role of government in formulating and implementing such policy. The provision of long-run subsidies to regional industries is increasingly difficult to justify; consequently regional development programs are now putting a greater emphasis on small business, as well as other initiatives at the local level.

Smaller-scale development projects initiated and controlled at the local level may offer many advantages over previous regional development initiatives. However, their potential to make a significant contribution to the economic growth of the Atlantic provinces is still rather unclear. The Canadian experience suggests that a cautious and comprehensive approach to regional development programming is essential and that new initiatives must be subject to extensive evaluation and analysis.

CHAPTER TWO: A CASE STUDY OF THE HUMAN RESOURCES DEVELOPMENT ASSOCIATION HALIFAX, NOVA SCOTIA

INTRODUCTION

The Human Resources Development Association (H.R.D.A.) of Halifax was established in 1978 to provide long-term employment and training opportunities for those receiving social transfer payments, notably municipal social assistance. Specifically, H.R.D.A. has sought to achieve this objective through the establishment of business enterprises which offer a supportive environment where individuals can make the difficult transition between reliance on social assistance and employment and independence. Pre-employment training is now also offered through a separate training division.

Throughout its 11-year history, the organization has expanded and developed many new ventures. H.R.D.A. Enterprises now operates six businesses with a total employment of 87. The organization has substantially reduced its dependence on government assistance to subsidize its business ventures. A greater emphasis is now placed on operating profitable enterprises. However, despite the changes, H.R.D.A. has kept its commitment to helping those with special needs obtain employment.

There are a number of community development endeavours in Canada which provide employment and training alternatives. In Nova

Scotia, for example, New Dawn Enterprises Ltd. has initiated many small businesses in the Sydney area while indirectly supporting the establishment of other ventures through the provision of training and other support.[26] However, H.R.D.A.'s creative use of social assistance monies to provide long-term employment for those who would otherwise be on welfare renders the organization unique within Canada. Its innovative programs and emphasis on tight management and financial control have aroused the interest of many across North America who are looking for alternatives to mushrooming welfare caseloads.

The purpose of this case study is to evaluate how effective H.R.D.A. has been in meeting its own objectives as well as to determine what lessons can be learned from its experience. A profile of the organization, financial analysis, and an outline of employment patterns set the stage for an assessment of the organization's impact on its target population. This evaluation also investigates some of the constraints under which H.R.D.A. operates and some of the problem areas which have emerged in recent years. The study focuses primarily on the activities of H.R.D.A. Enterprises, the company which manages the operations of each of the business ventures.

THE DEVELOPMENT OF H.R.D.A.

In 1977, a group of concerned citizens, including several from the Social Planning Department of the City of Halifax, established

a committee to discuss employment and training options for those receiving social assistance. The municipal social assistance caseload at this point totalled almost 900 persons, of whom 29 percent were single parents, 43 per cent physically or mentally disabled, and 19 percent classified as able-bodied unemployed or had earnings so low that they qualified for topping-up assistance.

Social workers and others on this committee knew that many of those on social assistance would like to work but faced barriers to entering the labour force such as the lack of affordable child care or basic job skills. During the 1970's, federal programs such as Opportunities for Youth and Local Initiatives Program had funded many initiatives targeted at single parents, blacks, and others in Halifax with employment-related disadvantages. These programs, however, had tended to last only as long as the funding. This committee wanted to try something different, focusing on helping those on the fringe enter the economic mainstream by providing long-term employment in commercially viable businesses.

The efforts of this committee led to the formation of the Human Resources Development Association in 1978. Its objective was to "create long-term employment options ...(and) a positive social and economic alternative to welfare"[27] Targeted at social assistance recipients, the goal was to provide long-term employment and training opportunities with wages equivalent to social assistance benefits plus a small incentive.

Although the main impetus for the establishment of H.R.D.A. came from those within Halifax's Social Planning Department, the association was set up to operate independent of the operations of municipal government. The association was designed to function as a non-profit holding company for a variety of initiatives such as cooperatives, small businesses, and sheltered workshops. While day-to-day operations would be carried on by a small management group, the overall responsibility for H.R.D.A. rested with the Board of Directors, whose members possessed widespread community and business experience.

The primary source of funding was initially a block grant of $200,000 per year over a three-year period from the Social Assistance Budget of the City of Halifax. This was cost-shared with the provincial government. A condition of this funding was that it be used in part to enable 16 people to receive pay for work in lieu of social assistance. A demonstration grant of approximately $90,000 per year for three years was provided by the federal Department of Health and Welfare. H.R.D.A. was evaluated on three separate occasions by independent consultants as required under the funding agreement with Health and Welfare.[28]

While it was recognized that government assistance would be essential for start-up activities at H.R.D.A. as well as for a continuing subsidy for hiring employees from the target group, the intent was to gradually reduce the reliance on government grants and allow profitable operations to subsidize other activities.

Given H.R.D.A.'s limited financial resources, an important criterion for choosing a business was the speed with which it could be expected to break even.

At this stage, Board members met frequently to brainstorm new ideas for business ventures. During the start-up phase, approximately 70 business opportunities were investigated in both manufacturing and the services. Some businesses were quickly identified as unsuitable; however, others received much more thorough analysis. For instance, Board members often visited potential businesses in the local area. Other members studied a bakery and a textile project.

While good business management and financial accountability were considered critical to the organization's success,[29] the initial focus of concern was on the needs of the target group. H.R.D.A.'S first general manager, who had previously been employed with the Social Planning Department as a social worker, was sympathetic to those with employment problems. In general, management had extensive experience in working with the target group, but knew less about small business.

By April 1979, a total of 24 persons, including 17 from the target group, were employed at H.R.D.A. The majority of the target group were hired in two projects. In one, ten single parents received training followed by a twelve-month placement in a community service agency, while in a sheltered workshop, five

mentally handicapped employees assisted with repairs and service to small and large appliances. Two other small businesses, a window cleaning firm and a janitorial service, each hired one target group employee.

During the following year, H.R.D.A. began to expand. A building was bought to house the administrative offices, and a commercial property division based on management of this property was established. A printing business was acquired and a bookkeeping service started with the assistance of the federal Local Employment Assistance Program (LEAP). By May 1980, employment at H.R.D.A. had reached almost 40 persons.

While there were many reasons to feel that H.R.D.A. had been quite successful in its first year and a half of operation, there were also frustrations. Numerous difficulties arose in the identification of suitable new businesses. Many opportunities presented themselves, but few could meet all of H.R.D.A.'s requirements. As a result, management frequently felt overwhelmed by "the time-consuming, often frustrating task of identifying then analyzing 25 to 30 business opportunities before finding one that met the constraints of the social prerequisites of the organization, the limited capital investment, the available manpower and the commercial return on investment".[30]

In addition, those businesses which were chosen as H.R.D.A. projects frequently took longer to get off the ground than

initially anticipated. This often left H.R.D.A. in the difficult position of having to decide whether to put greater emphasis on job creation for the target group or on operating a more profitable business. Unfortunately the two goals often seemed in conflict.[31] The manager at Kingfisher Business Services, for example, spent most of her time training target group employees and had little opportunity to develop clients: as a result, this business had continued revenue problems throughout its existence.

The problems at Kingfisher precipitated serious concerns over H.R.D.A.'s longer-term viability. While an original objective had been for projects to generate a cash return after direct expenses of between $75,000 and $100,000 by March, 1981, it was now apparent that this expectation was unrealistic for an operation described as a "marginal, labour-intensive, low capital investment, service sector type of project".[32] While current funding was sufficient to ensure its present operation, the organization's future at the end of the initial three-year funding period was by no means secure. The Board of Directors felt that H.R.D.A. could be subjected to criticism by current funding bodies both for failing to create adequate employment opportunities for the target group as well as for its slow progress in reducing its dependence on government and becoming more financially self-sufficient.[33]

During the remaining months of 1980 and 1981, H.R.D.A. renewed its efforts to increase target group employment. Intense efforts were also made to generate business activity with a higher and more rapid rate of return. Both the Commercial Cleaning Project and Sure Shine Window Cleaners were able to develop some lucrative, longer-term commercial contracts: Commercial Cleaning used its contacts with local government to obtain regular cleaning contracts for a city-run senior's home, while Sure Shine Window Cleaners were successful low bidders on at least one major private sector contract. However, the pressure of the more demanding work was often difficult for target group employees to handle, leading to a high turnover of target staff and increased supervision costs.[34] The Property Management Project expanded through acquiring a sizeable contract to service a community centre owned by the city; however, Kingfisher Business Services was eventually dissolved because of the limited demand for its services and the resignation of the project manager.

During this period, H.R.D.A. undertook its largest investment to date with the establishment of Classic Clunkers, the operating company for Rent-a-Wreck, a used-car rental franchise. The primary purpose of Classic Clunkers was to generate income which could be used to support other H.R.D.A. businesses, although target group employees were hired wherever possible. But while the business generated an acceptable rate of return, Classic Clunkers proved to be a difficult project for H.R.D.A. to manage. H.R.D.A's lack of experience in running a complex business of this

type, coupled with the financial requirements of this size of the operation, created ongoing demands on H.R.D.A.'s management and Board of Directors, often dwarfing the time spent on other projects.

With a solid increase in target group employment (34 persons by the end of 1981) and growth in business activity, H.R.D.A. was able to renew its municipal-provincial block funding and obtain a one-year extension on the demonstration grant funding from Health and Welfare. However, several factors combined to cause a financial crisis at the end of 1981. The widespread economic recession restricted the revenue growth for many of the businesses and caused problems for many of the business managers, some of whom were from the target group, and themselves had limited business or management experience. The poor economy also limited the employment options of target group employees ready to move on, making it difficult for H.R.D.A. to encourage turnover.

In addition, a new general manager hired in 1981 proved to be ineffective at controlling the various projects and failed to provide members of the Executive Committee with full information on H.R.D.A's financial status. Although he eventually resigned, these factors resulted in an unexpected short-term cash shortage and the bank's refusal to provide a loan to expand Rent-a-Wreck.[35]

H.R.D.A. survived this difficult period in large part because of the assistance of its Executive Committee. Most of its members

had been involved with H.R.D.A. since the beginning and were well acquainted with the organization's day-to-day operations and requirements. They stepped in to provide the necessary guidance and continuity in the interim period.

In many ways, recovery from this crisis marked the start of a new era at H.R.D.A. The appointment in 1982 of a general manager with extensive experience in operating small business led to a greater emphasis on profitability and financial control. Since that point, management has taken a more aggressive role in deciding which businesses should be created, expanded, or closed down. For instance, H.R.D.A. no longer operates sheltered workshops such as the Domestic Appliance Repair Shop. And in contrast to the early years, when standards were relatively lax, the progress of target group employees is now carefully monitored.[36] Formal performance evaluations are carried out after the initial three months and after one year. Those who are unable within the first few months to make reasonable progress in developing the required job skills are moved to another division or discharged.

While the changes at H.R.D.A. have been essential to its survival, they have not passed without criticism. Some have charged that H.R.D.A. now hires only the cream of the target group and is interested more in company profits than the special needs of the target group. Others, primarily those in the business community who are in direct competition with H.R.D.A. companies,

have complained that they face unfair competition from a subsidized H.R.D.A. venture.[37] These criticisms epitomize the continual struggle which H.R.D.A. faces; to maintain a balance between the dual goals of making a profit and providing viable training and employment for the target group.

A CURRENT PROFILE OF H.R.D.A.

At the time of writing (early in 1989), the Human Resources Development Association continues to act as a non-profit holding company which provides on-going support for a wide range of employment and training initiatives directed at those on social assistance. Although the basic structure has remained intact, H.R.D.A's revenues have increased dramatically in recent years and the scope of its activities has broadened.

H.R.D.A. now encompasses three functions. H.R.D.A. Enterprises, a registered Nova Scotia company, acts as the vehicle for development and operations of the business ventures, all of which are wholly-owned subsidiaries. The shares in H.R.D.A. Enterprises are fully owned by the Human Resources Development Association. A separate training division provides both life skills and job specific training. A recent addition is the Gottingen St. Development, a community development project for an inner-city area in Halifax. Each of these divisions is run by a

separate manager who reports directly to the Board of Directors. (see Appendix 1: Organization Chart.)

H.R.D.A Enterprises

Since 1982, the demand for improvements in the bottom line of H.R.D.A. Enterprises has resulted in the sale of two of its larger business ventures. In both cases, the businesses were sold to former employees. Reliable Leasing, formerly known as Classic Clunkers, had operated the Rent-a Wreck car rental franchise since 1980. Between 1982 and 1984, Reliable Leasing's sales exceeded those of any other business. However, despite strong growth in income between 1981 and 1982, and a profit of almost $60,000 in 1983 (see Table 2.1), the decision was made to sell the franchise and the assets of the business in 1984.

A number of reasons led to its disposal. Reliable Leasing had continual management problems related to control of expenditures, finding suitable staff, and theft. Despite replacement of the project manager, the business continued to place heavy demands on the administration group and the Executive Committee, both in terms of the time required to manage the project and in acquiring the bank financing for day-to-day operations as well as expansion. For example, since the project manager was preoccupied with operational concerns related to the location of and mechanical condition of the cars, it fell to the general manager to reconcile the cash and other receipts on a daily basis. The general manager

Table 2.1

Financial Statement

Reliable Leasing - Classic Clunkers

	1980	1981	1982	1983	1984
Revenue	51,978	286,632	450,108	485,896	461,999
Expenditure	66,950	347,227	470,345	426,648	424,832
of which wages and benefits	29,970	91,022	103,810	96,120	92,849
Net Income	(14,972)	(60,595)	(20,327)	59,248	37,167
Grants and Recoveries	4,332				
Labour Subsidies					
Fee for Service					
Net Income after Grants	(10,640)	(60,595)	(20,237)	59,248	37,167

Source: Income Statements for Reliable Leasing - Classic Clunkers

and the Executive Committee finally concluded that Reliable Leasing neither generated enough income nor provided enough target group employment to justify the demands it placed on the limited resources of H.R.D.A. Enterprises. However, H.R.D.A. Enterprises did realize a small profit of $65,000 on the sale of shares of the business.[38]

A different set of factors resulted in the sale of Domestic Appliance Repair Centre. Domestic Appliance had been one of H.R.D.A.'s original projects and was one of its better projects from the point of view of target group training and employment. While it ceased operating as a sheltered workshop for the mentally handicapped in 1981, it provided on average eight full-time positions for others from the target group until 1986. But despite its success in providing employment for the target group, Domestic Appliance faced numerous problems. While its revenues peaked at over a quarter of a million dollars in 1985 (see Table 2.2), its costs were difficult to control. Competition from similar businesses made it difficult to acquire either service contracts or the used appliances required for repair and resale. The non-target staff, including the project manager and technician, struggled to provide training to a large number of target group employees as well as develop the business, but juggling the dual functions was often difficult. Replacing the project manager did result in improved sales in 1985, although costs increased by a proportional amount. After running Domestic Appliance at a loss for eight years, the general manager

Table 2.2

Financial Statement

Domestic Appliance Repair

	1984	1985	1986	1987
Revenue	200,676	256,697	216,076	117,768
Expenditures	279,918	338,516	326,250	188,477
of which wages and benefits	141,045	153,874	141,377	72,639
Net Income	(79,242)	(81,819)	(110,174)	(70,709)
Grants and Recoveries	15,921			
Labour Subsidies		13,771	12,151	781
Fee for Service			28,110	17,315
Net Income after Grants	(63,321)	(68,048)	(69,913)	(52,613)

Source: Income Statements for Domestic Appliance Repair

recommended that it be sold. While this move was approved by the Executive Committee, there were several Board Members who expressed regret at the decision.[39]

Of the six businesses currently in operation (as of early 1989, these are now known as operating divisions), three have been in existence for at least six years. Sure Shine Cleaners, formerly Sure Shine Window Cleaners, undertakes janitorial work and window cleaning as well as supplying casual labour to a variety of businesses and institutions around Halifax. It is H.R.D.A.'s longest-running business. Sure Shine has grown steadily since 1981, when it had just three employees, to an average monthly employment in 1987 of 35 persons, including 16 from the target group. With annual sales of $444,060 in 1987 (see Table 2.3), this business operated profitably in 1986 and 1987.

In the early years, Sure Shine pursued both residential and commercial clients. Now, all of Sure Shine's business is with commercial and government clients, including the Armed Forces. Because of a fluctuating work load from month to month, many of the employment opportunities are short-term or part-time. This makes employment at Sure Shine less attractive to those on social assistance, since they lose any additional income above $100 on a dollar-for-dollar basis. However, because of the large number of target group employees who pass through Sure Shine, H.R.D.A. feels that it works well as an assessment program, with better employees often being transferred to another division.

Table 2.3

Financial Statement

Sure Shine Cleaners

	1984	1985	1986	1987
Revenue	165,275	117,165	477,548	444,060
Expenditures	192,179	135,298	448,119	441,448
of which wages and benefits	151,079	93,733	380,077	374,762
Net Income	(26,904)	(18,133)	29,429	2,612
Grants and Recoveries				
Labour Subsidies	10,845	788	4,828	
Fee for Service			80,349	65,731
Net Income after Grants	(16,059)	(17,345)	114,606	8,343

Source: Income Statements for Sure Shine Cleaners

Nova Sewing Contractors provides industrial sewing on contract to numerous businesses. Nova started in 1982 with assistance from the federal Local Employment Assistance Program. Originally it produced fashion clothing, but it has turned increasingly to non-fashion items because of the difficulty in marketing a fashion line. Strictly speaking, most of Nova's employees are not from the target group, but are nevertheless considered disadvantaged as they are recent immigrants and refugees with limited English language skills. Productivity has dramatically improved in recent months since the introduction of a piece work bonus scheme. However, despite the pressures to produce, Nova offers a sympathetic work environment with flexible hours and a kitchen where employees can cook a full mid-day meal.*

Sales for 1987 were $257,408, and the division made a profit in both the last two years. The largest contract in the recent period has been the production of parachutes for buoys on subcontract for the Department of National Defence. Nova was encouraged to undertake this type of production by the principal contractor, who was unable to find a local source of supply. Its experience in this area in now leading to other contracts.

The Property Division provides building maintenance and management for a number of government buildings including a

---

*This facility is important because many of the employees are Vietnamese, who generally are used to eating their main meal at mid-day.

courthouse and two community centres. It also maintains H.R.D.A. property, including the administration building. The Property Division is often viewed as one of H.R.D.A's most successful projects. It operates consistently at a profit, offers stable full-time employment for an average of 14 persons from the target group, and places relatively few demands on the administration. The project has kept its original manager, who was himself from the target group. In the opinion of the general manager, H.R.D.A would like to significantly expand this business; the difficulty is in identifying new opportunities.[40]

In looking for new businesses, H.R.D.A. has attempted to learn from past mistakes. It avoids businesses where large amounts of cash are handled, in part because of the difficulty in controlling theft. Wherever possible, H.R.D.A. tries to develop new businesses in areas where it can draw on previous experience. For example, Master Knitters, a new machine-knitting enterprise, was chosen for development in part because of H.R.D.A.'s experience with a textiles at Nova Sewing Contractors. Management has also placed increased emphasis on either acquiring operations with a proven success rate or starting a business where the demand for the product is already established. As well, H.R.D.A. now tries to hire managers with experience directly related to the operation in question.

One of H.R.D.A's most successful new businesses is Skyline Industrial Painters, acquired in 1985. It handles industrial painting contracts, specializing in coating and painting structural steel. Its current manager was the original owner of the business. It was hoped that Skyline would provide income to support other activities, and it has certainly lived up to expectations in that regard. After less than three full years of operation, Skyline has been the biggest revenue generator for H.R.D.A. Enterprises, with 1987 sales of $1,315,072 and a profit of $160,390 (see Table 2.4). While the majority of employees are not from the target group, Skyline did employ on average eight target group, employees during 1987. However, H.R.D.A. is careful in placing target group employees in this business. For some contracts, such as those to paint submarines, a certain amount of skill is required and the work can be quite dangerous: the pressures of this type of work are often beyond the capabilities of those in the target group.

Two new businesses have started in 1988. Chem-Dry Carpet Cleaning, a franchise operation currently has three employees, including two from the target group and cleans carpets for both commercial and residential clients. Master Knitters, a machine-knitting enterprise, has nine employees and produces knitted garments. Most of the garments are made under contract to three local designers; however, the firm is currently investigating the feasibility of producing its own label.

Table 2.4

Financial Statement

Skyline Industrial Painters

	1985	1986	1987
Revenue	123,352	667,839	1,315,072
Expenditures	132,979	646,517	1,158,538
of which wages and benefits	57,250	331,541	636,313
Net Income	(9,627)	21,322	156,534
Grants and Recoveries Labour Subsidies Fee for Service		5,641	3,856
Net Income after Grants	(9,627)	26,963	160,390

Source: Income Statements for Skyline Industrial Painters

H.R.D.A. Training

For many on social assistance, the training and employment opportunities provided by H.R.D.A. Enterprises are beyond their reach. Their needs are much more basic, with assistance in developing the necessary life skills required as a first step along the road to self-sufficiency and independence. In recognizing this, H.R.D.A. has directed increased attention to the requirements of the target group for pre-employment training through establishment of a separate training division. A range of programs designed to give individuals the basic skills required to enter the labour force is now offered.

OPTIONS

OPTIONS is a work activity program which provides an integrated training package of educational upgrading, life skills, specific skill development, and individual on-the-job placement. OPTIONS is currently entering its third year of operations. The program has been developed in-house and receives the bulk of its funds from the Canada Assistance Plan as a work activity program. The city of Halifax provides two staff positions and some operational assistance. There are currently ten staff members.

The OPTIONS program is open to individuals (primarily from Halifax) who are currently on social assistance or have had a history of problems which limit their participation in the labour

force. Candidates for the OPTIONS program must be at least 18 years of age and are accepted only through referral from the Employment Support Centre. Individuals are paid a small training allowance as participants.

A group of OPTIONS participants may typically include single parents, early school leavers, victims of abuse, those with poor work habits or social skills, and those who have been involved with prostitution or drug abuse.

The program is 30 weeks in duration and is held in three phases. During phase 1 and 2, individuals must participate in classes in upgrading, life skills, and an activity such as cooking, woodworking, or janitorial or clerical work. Many individuals are encouraged to pursue their General Education Diploma and write the exams while they are in the program. Others are referred to individual literacy assistance programs. The final ten-week phase is a job placement which may be either with a private employer or a social service agency. Individual counselling is available throughout the program.

Getting individuals to take the next step after graduation is seen as the most important part of the program and job search or other placement assistance is provided for graduates. Follow-up is carried out at intervals of three, six, and twelve months.

Approximately 120 individuals, both male and female, are accepted for the program each year, with entry-level classes staggered throughout the year. In its first two years of operation, approximately 55 per cent have graduated, and of this group, 75 per cent have moved on to employment or further training.

For many individuals, OPTIONS is a unique opportunity to learn the basic skills required to find and maintain employment within a structured yet sympathetic environment. Participants are treated as employees and emphasis is placed on taking responsibility for one's own actions. Rules are consistently applied. Those who are unable to accept the discipline of the program are quick to drop out.

Dining Room Service Program

Specific training for waitressing, bartending, and other food service jobs is provided through the Dining Room Service Program. The program runs over 24 weeks, with the first 14 weeks' training occurring at a dining hall of one of the Halifax universities. This is followed by a ten-week on-the-job placement. Ten participants are accepted for the program, with two sessions operating each year. Participants are paid a wage of $4.00 per hour for a 35-hour week. The program is funded through the Social Assistance Recipient Program.

Applicants must be at least nineteen years of age, female, and on social assistance. With a large number of single parents in the program, participants typically face ongoing problems with child care and the illness of children. There is currently one staff member, although there are plans to increase this to two next year in order to allow a greater emphasis on life skills and educational upgrading.

Tradeperson Assistance Program

This new program provides training in basic construction trades over a 24 week period. The program is funded on the same basis as the Dining Room Service Program, with wages for participants equal to the minimum wage. The first group of 15 participants graduated in December, 1988. However, construction activity in the Halifax-Dartmouth metropolitan area has lagged since 1987, and almost 50 per cent of the graduates have been unable to find employment. Most of those employed at the time of writing were working at a project to renovate a large public housing development in Halifax.

Gottingen St. Development

This new program was launched in 1988 and was designed to promote the economic development of the Gottingen St. area, a deprived inner-city neighborhood. Funding is being provided by the Community Development Division of the Provincial Department of

Small Business, and the project is directed by a committee consisting of representatives of the provincial government, the private sector, and H.R.D.A. The project represents a new direction for H.R.D.A, one in which it will act as a facilitator, providing infrastructure and management support to allow new business ideas to emerge from the local community.

An economic development coordinator has been the sole staff member since the program's inception. Most of his energies over the past year have been directed at the establishment of an incubator business centre. A number of businesses and other activities were identified as potential tenants for this building, including a cultural association, farmer's market, some local entrepreneurs, and a training centre for those interested in starting small business. A building was available in the local area, but the efforts of staff and some members of the H.R.D.A. board to secure financing were not successful and the deal fell through in November, 1988.

The economic development coordinator also undertook a marketing study for the establishment of a grocery store to serve the local area. However, it was determined that the local demand was not sufficient. In addition, the coordinator has provided information and assistance to local business considering relocating to the Gottingen St. area.

Both the Project staff and others at H.R.D.A. have recently expressed frustration at this project's limited progress.[41] As a result, the project is currently being re-evaluated. It is anticipated that future efforts will place more emphasis on encouraging initiatives generated by residents and business in the Gottingen St. area, rather than ideas proposed by H.R.D.A.

ORGANIZATIONAL STRUCTURE

The Board of Directors has responsibility for the overall management and direction of H.R.D.A. policies and projects. Since H.R.D.A.'s inception, the members of the Board have represented a cross section of the community, including business, the universities, and social service agencies. A majority of Board members are appointed by the city of Halifax. In 1988, the Board included two academics, seven business people, and three city employees. A number of members of the Board, including the chairman, have been involved with H.R.D.A. since the beginning. Many of the Board members are well known in their profession or the community at large. (See Appendix 2 for a list of 1988 Board members).

The Executive Committee of the Board is empowered to act for the Board of H.R.D.A. between Board meetings and takes an active role in the day-to-day operations of the organization. Members of the Executive Committee as well as other Board members become engaged in identifying and pursuing business opportunities,

determining the needs of the target group and otherwise facilitating H.R.D.A.'s progress.

The general managers of each operation, including H.R.D.A. Enterprises, report directly to the Chairman of the Board of Directors (see Appendix 1: Organization Chart).

H.R.D.A. Enterprises is managed by an administration group consisting of a general manager, a controller, and five other staff. The general manager is responsible for implementing policies set by the Board of Directors, running H.R.D.A.'s day-to-day operations, and providing support for the project managers in each operating division. In addition to managing the financial affairs of H.R.D.A. Enterprises, the controller also handles the payroll for the Training division.

Project managers rely heavily on the general manager and controller for advice and support on major business decisions. Some project managers had limited business experience prior to their employment at H.R.D.A. For example, the manager of the Property Management project was himself a target group employee, and the manager of Nova, while previously employed as a business manager, had no prior experience in manufacturing textiles. The general manager has played a key role in training project managers by providing day-to-day support, although there are also regular monthly staff meetings. In addition, the general manager encourages staff to upgrade their skills through attending

training courses. Most of the project managers have taken courses which either provide them with certain technical skills, such as accounting, or generally boost their confidence and expand their leadership capabilities, such as Dale Carnegie speaking courses.

However, for assistance with problems related to target group employees, project managers indicated that they were more likely to approach H.R.D.A.'s Chairman of the Board, who is also Director of Social Planning for the City of Halifax. While the general manager participates in performance reviews of employees in each business, he feels that for the most part, he does not have the background required to deal with such problems.[42] His responsibilities are primarily to operate a healthy business.

There can be no doubt that the small and medium-sized business experience possessed by the general manager and controller has been an important factor in improving H.R.D.A.'s viability since 1983. A wide range of improvements in areas such as bookkeeping and accounting, personnel management, inventory control, and long-range planning have occurred since this time. Between 1986 and 1988, inventory, accounts, and personnel files have been fully computerized, and project managers recently met with the administrative staff to discuss their plans for the upcoming year.

Equally important to H.R.D.A.'s success, however, has been the active role played by the Board of Directors and the Executive Committee. Members of the Board with business experience have

been particularly useful to H.R.D.A. in evaluating new initiatives. For example, when the Property Division was considering purchasing a small hotel several years ago, one of the Board members who was a senior university administrator was able to use an engineering report on the establishment which had been prepared for his institution to show that the hotel would not be a worthwhile investment for H.R.D.A. Other Board members, particularly those with experience in the construction industry, have been particularly helpful to Skyline in preparing bids and securing some large contracts.

The members of the Executive Committee have a wide range of experience in business, legal, and financial affairs. Some members have been on the Executive since the early days and provide continuity to H.R.D.A. operations. The executive takes a hands-on approach to management at H.R.D.A. and is kept informed of H.R.D.A. affairs on an on-going basis. It frequently meets on short notice to provide advice or take actions in support of the general manager, a practice which the general manager considers crucial to the successful resolution of difficult issues. For example, when it was discovered that a manager of Domestic Appliance had stolen funds, the executive committee met that night and decided to fire him and lay charges. In the last few years, members of the Executive have also been instrumental in obtaining a line of credit at the bank, securing insurance for bid bonds, and analyzing business expansion plans.

Of special note is the contribution of the Chairman of the Board, who has been a major motivating factor behind the development of H.R.D.A. As H.R.D.A.'s first -- and only -- Chairman, he has been responsible for many of the creative ideas for target group employment as an alternative to social assistance. In his capacity as Director for the City of Halifax, he has facilitated H.R.D.A.'s access to funding and facilities. His influence in the redirection of city social assistance funds was crucial to the establishment of the organization. What is more, he encouraged the city to turn over the management of the Alexandra centre, a former school, to H.R.D.A. The facility now operates as a community centre and as well contains some H.R.D.A. activities such as Nova Sewing Contractors and the OPTIONS training program. The Chairman continues to play an active role in the progress of individual enterprises and is well known not only to the management, but also to many of the employees.

FINANCIAL PROFILE

H.R.D.A.'s financial position has strengthened considerably in recent years.[43] Revenues from sales and other fees dropped in 1985, following the sale of Rent a Wreck. However, the acquisition of Skyline coupled with an expansion of Sure Shine led to a rapid increase in revenues in 1986. The improvement in H.R.D.A.'s financial viability has resulted in an increase in the accumulated surplus to over half a million dollars at the end of 1987.

The proportion of total expenditures allotted to salaries and benefits increased from 47.1 per cent to 65.4 per cent between 1984 and 1987. This increasing labour intensity has come about largely as a result of the decision to sell the Rent a Wreck car rental franchise, which had placed heavy capital demands on H.R.D.A.

H.R.D.A. Enterprises has made a small profit in each year since 1986, although the carry forward of the tax loss from earlier years has eliminated the payment of income tax to date. Income tax will be payable on any profits starting in 1988; however, this is not anticipated to create undue hardship for the organization since the tax payable without the loss carry-forward would have been less than $17,000 in 1987.

The emphasis on operating profitable enterprises has led to improvements in the accounting system for both the operating divisions as well and the administration. Prior to 1984, the operating divisions were run as individual companies with separate bank accounts and little financial assistance from the administration to the project managers. Since that time, H.R.D.A. Enterprises has operated as one company with separate divisions. The consolidated financial arrangements have allowed for better ongoing monitoring of revenues and expenditures. The accounting system has been simplified, and financial statements are now available on a monthly basis. The level of accounts receivable

Table 2.5

Revenue and Expenditures

H.R.D.A.*

	1982	1984	1986	1987
Revenue	1,173,441	1,282,007	2,402,950	2,661,867
Sales & Services**	856,248	964,857	2,109,433	2,391,850
Grants***	317,193	318,960	110,405	70,173
Fee Service			183,112	199,844
Expenditures	1,181,425	1,254,790	2,366,785	2,539,620
Salaries & Benefits	574,524	618,244	1,477,422	1,661,516
Other	606,901	636,546	889,363	878,104
Excess of Revenue over Expenditures	(7,984)	27,217	36,165	122,247

* Taken from H.R.D.A. Consolidated Financial Statements
** Includes Revenue from Sales, Service, Rentals, Investments
*** Includes Labour Subsidies

has been substantially reduced, and the level of bad debts is now virtually nil.

The support from the administration in financial matters is much appreciated by project managers, who in the past often felt overtheir heads. The Controller and the General Manager regularly review or assist in the preparation of contract bids and give advice on major expenditures. However, project managers have considerable independent control over finances in the day-to-day operations of their business. They can set wage rates within a narrow range, identify and pursue business opportunities, and make independent purchases. The cooperative relationship which exists between the administration and the project managers is obviously an important factor in promoting the profitability of individual enterprises.

From the administration's point of view, a significant increase in the line of credit from the bank in 1984 was a crucial factor in easing the periodic financial strain at H.R.D.A., as well as providing financing for new projects or sizeable expenditures. Prior to this point, H.R.D.A. had a small line of credit for operating expenses (up to $30,000), but had difficulty in obtaining financing for the development of new business. In particular, H.R.D.A. had been refused funding for the acquisition of Rent-a-Wreck by several major financial institutions before it finally obtained a mortgage from a local credit union. However, once Skyline was established in 1984, the bank quickly approved a

$300,000 line of credit for H.R.D.A. Skyline's receivables, primarily large contracts with government or industry, were regarded by the bank as low risk and its prospects for expansion were considered excellent.[44]

H.R.D.A.'s improving financial position has resulted in a change in the type of subsidies provided for the hiring of target group employees. Up until 1985, H.R.D.A. received an annual $200,000 grant, cost-shared by the city and the province. Other municipal grants were also provided to subsidize operating costs as well as job and project development. As of 1987, H.R.D.A. no longer receives block funding or other municipal grants. Under the new arrangement, H.R.D.A. may claim a fee for service from the City of Halifax (cost shared by the province) which provides a subsidy of 50 per cent of the salary and benefits paid to a target group employee up to maximum of $7,000. A placement fee is also paid to H.R.D.A. for employees who move on to other employment.

This system has certain advantages over the earlier grants since there is more incentive to hire employees from the target group as well as to encourage them to obtain further employment. Most important, since H.R.D.A. is no longer receiving any operating grants, it finds it easier to gain access to bank financing and insurance coverage for performance and bid bonds. H.R.D.A. had been previously denied insurance by bonding companies on the grounds that since it was dependent on government grants, it was a publicly-funded enterprise. The access to insurance now allows

Skyline and Sure Shine in particular to bid on many major contracts for both government and the private sector and has been one of the key factors behind the increase in revenues in 1986 and 1987.

One of H.R.D.A.'s more important achievements in recent years has been the reduction in the average cost of the subsidy per target group employee. An earlier evaluation of H.R.D.A.[45] compared the cost to the granting agency of hiring a target group employee with the cost of maintaining that individual on social assistance. In 1980, the average cost per participant month of providing municipal-provincial block funding was $549 while the average monthly cost of providing municipal social assistance, inclusive of indirect and direct costs, was estimated to be $500 per recipient. In 1987, the fee for service per target group employee averaged $376 per month. This was well below the estimated costs of maintaining an individual on municipal social assistance, which ranged from an average of $460 per month for a single able-bodied recipient to $666 per month for a family.

EMPLOYMENT AT H.R.D.A ENTERPRISES

A total of 83 people were employed at H.R.D.A. Enterprises at the end of December, 1987. Of this number, 12 positions were management and a further 28 were non-target positions (see Table 2.6). Employment was higher at the start of 1987 but

Table 2.6

Employment at H.R.D.A. since 1982
(as of December 31 of each year)

	1982	1983	1984	1985	1986	1987
Target Group	46	67	35	58	79	43
Other	17	22	15	18	50	40
Total	63	89	50	76	129	83

Source: H.R.D.A. Employment Statistics

declined during the year. In all, H.R.D.A. provided 95.65 person years of employment during 1987.

Total employment at H.R.D.A. has increased since 1982, although employment levels in operating divisions fluctuate considerably from year to year and month to month. Employment at Skyline Industrial Painters and Sure Shine Cleaners depends on the type and the number of contracts in process at any given time. Total employment at H.R.D.A. peaked in 1986, when average monthly employment at Sure Shine and Skyline was almost double that of 1987.

There were 43 employees at the end of 1987 who were from the target group. H.R.D.A. Enterprises has broadened its definition of target group employees to include recipients of provincial family benefits, municipal social assistance, and others with employment disadvantages. The type of target group employees in any operating division depends on the requirements of that division. At Nova Sewing Contractors, for example, most employees are experienced at industrial sewing. However, since they are either refugees or recent immigrants with language difficulties, they are considered disadvantaged. This division also normally hires several employees who are previous social assistance recipients, while non-target employees are hired when specific skills are needed which cannot be provided by those from the target group. Employees at the Property Division, on the other hand, were all previously on social assistance, while target group

employees at Sure Shine include both the disadvantaged as well as previous social assistance recipients.

A noticeable trend in recent years has been the proportional reduction in the number of target employees. Target employment at the end of 1987 represented just over 50 per cent of total employment, compared with 76 per cent at the end of 1985. This has been of concern to some on the Board of Directors who wonder if the commitment to provide employment for the target group is being downgraded.

There is no doubt that the relative decline in target group employment is one of the consequences of a greater emphasis on profitability in the individual enterprises. Skyline, for example, now hires mostly non-target employees since it became apparent early on that the work was too demanding for most employees. Indeed, at the end of 1987, Skyline had no target group employees (see Table 2.7). However, it should be noted that new contracts at Sure Shine and the start of the new ventures have contributed to an increase in target group employment since January, 1988.

Employment openings for the target group at H.R.D.A. are listed at the Employment Support Centre (ESC), an assessment and referral agency for all those on municipal social assistance. Prior to 1986, the placement and hiring of the target group was handled internally at H.R.D.A., with referrals from individual case

Table 2.7

Target Group Employment in H.R.D.A. Enterprises (as of December 31 of each year)

	1984			1985			1986	1987
	FT	PT	Total	FT	PT	Total	Total	Total
Administration	2		2	1		1	1	1
DARC	8		8	12		12	7	
SSWC	8	6	14	2	22	24	44	16
Property	2		2	13	1	14	14	15
CSW	2		2				1	
Classic Clunkers	3		3					
Nova	4		4	6	1	7	4	11
Total	29	6	35	34	24	58	79	43

Legend:

FT	Full Time
PT	Part Time
DARC	Domestic Appliance Repair Shop
SSWC	Sure Shine Window Cleaners
CSW	Community Service Workers

Classic Clunkers - includes Reliable Leasing

Source: H.R.D.A. Employment Statistics

workers or elsewhere. The current system is an improvement since it allows greater coordination of efforts to help the target group to find employment, at H.R.D.A. or elsewhere. It also provides better control over the Fee for Service, since all claims by H.R.D.A. are processed on a monthly basis through the ESC.

However, the Employment Support Centre has found that there can be some resistance on the part of the target group to working at H.R.D.A. The low wages of between $4.25 to $4.50 per hour (at the end of 1987) offered little improvement over the income received on social assistance, particularly for those with dependents. Indeed, some target group employees have qualified for municipal social assistance while working at H.R.D.A. on the basis of low family incomes. Those offered part-time work are particularly reluctant to accept job offers since any earnings over $100 per month are deducted from social assistance.

As was noted earlier, both target and non-target employees are subject to performance evaluation after three months and again after one year. In addition, the general manager reviews the status of employees with project managers on a monthly basis. Not surprisingly, H.R.D.A. experiences a high turnover of target group employees during the first three months of employment, but those who are still employed after three months generally stay at H.R.D.A. for up to 18 months, depending on the operating division. These long-term target group employees are then encouraged to move

on to other employment, with placement assistance provided either by H.R.D.A., the Employment Support Centre, or other agencies.

While H.R.D.A. tries to provide full time employment for target group employees wherever possible, some operating divisions such as Sure Shine face an unstable work load. This type of work is particularly unattractive for those who must make child care arrangements. It also creates problems for many target group employees who may be laid off after having worked for only a short while and return to the Employment Support Centre, understandably frustrated with their experience at H.R.D.A. However, while the high turnover of target group employees is cause for concern, operations such as Sure Shine do offer entry-level employment into H.R.D.A., and successful employees are often transferred to more stable employment in other operating divisions.

The training offered to target group employees depends on the specific job requirements. Gradually, H.R.D.A. has moved away from providing assistance with basic life skills towards training for specific jobs. While project managers generally try to offer sympathetic guidance during a target group employee's tenure, it is now generally felt that more basic employment problems such as functional illiteracy or lack of communication skills are better handled in a separate training program such as OPTIONS.

Target group employees come from a varied background. A significant number are single parents, while many have employment

problems such as poor physical or mental health or illiteracy. The numbers of male and female target group employees has remained fairly balanced over time, although this can fluctuate from month to month. Certain enterprises, such as Skyline, tend to be male dominated, while others, such as Nova hire primarily women. The Property Division tends to keep a balance of male and female employees.

IMPACT ON THE TARGET GROUP

H.R.D.A.'s focus since its inception has been to provide a supportive environment where individuals could make the transition from dependence on social assistance to employment and self reliance. Whether H.R.D.A. has had an impact on reducing the numbers of individuals receiving social assistance is open to debate. The average monthly caseload for municipal social assistance has more than doubled in the last ten years. While an estimated 342 target group employees have moved through H.R.D.A. to other employment since 1982, this represents only a small proportion of the numbers on social assistance over the period.[46] The 130 target group employees hired during 1987 represented less than 8 per cent of those on social assistance during that year.

However, a qualitative analysis of target group employment at H.R.D.A. is equally important. Unfortunately, H.R.D.A. has maintained little formal contact with former target group employees: thus information about their employment patterns

following H.R.D.A. or their views on the usefulness of the H.R.D.A. experience is not available. In order to obtain information on the target group following their employment at H.R.D.A., a survey of former H.R.D.A. target group employees was carried out.

The questionnaire asked for information on demographic characteristics, work experience at H.R.D.A., employment and unemployment patterns since H.R.D.A., and an assessment of H.R.D.A. The survey was administered by telephone during January, 1988 to a random sample, drawn from a population of 231 people who had worked for H.R.D.A. during 1985 and 1986. In total, 41 usable questionnaires were completed.[47]

A majority of respondents, (53.6 per cent) were unemployed at the time of the survey, while 34.2 per cent were working full-time and the balance working part-time. Only 20 per cent of respondents had been employed for the entire time since leaving H.R.D.A. Those with lower educational levels faced a higher risk of being unemployed: only 18.2 per cent of those with a grade 8 education or less had full-time employment. However, the longer one remained at H.R.D.A., the better one's chances of employment. Those who had stayed at H.R.D.A. for at least one year were three times as likely to be employed as those who had stayed just three months.

Of those unemployed, more than two-thirds had been out of work for less than one year. Their primary source of income was unemployment insurance payments, although many were receiving social assistance.

Of those employed, a majority were working as general laborers, cleaners or clerical positions. However, there was little connection between the type of employment or training received at H.R.D.A. and the position obtained subsequent to H.R.D.A. Wage rates per hour ranged between $4.00 and $10.00. However, it should be noted while the average wage of $6.01 per hour for full-time work would provide an income above the current level of social assistance, this income would fall below the poverty line for a family of more than one person.

The target group indicated that their H.R.D.A. experience had been somewhat helpful in improving their employment options but less helpful in securing employment or developing appropriate work habits. Many target group employees had experienced difficulties with supervisory staff and complained that the wage rates were too low. Those who had been at Sure Shine complained about the temporary nature of the work and the lack of any job training. However, other respondents were appreciative of the assistance given by H.R.D.A. in providing them with job experience and interim employment.

Given the serious employment problems faced by all target group employees and the fact that all were unemployed and on social assistance prior to employment at H.R.D.A., the achievement of full-time employment for even a small proportion of former target group employees must be taken as an indication of a step in the right direction. Unfortunately, given the limited scope of the survey, it is not clear whether the attainment can be fully credited to H.R.D.A. The survey does, however, highlight the restricted employment options for those with multiple disadvantages. Those with limited skills, poor health, and other problems face limited employment opportunities characterized by low wages and intermittent labour force attachment.

The survey also points to some problem areas for the organization. In particular, it is difficult to see what benefits the target group receives from temporary or part-time employment, particularly where there is little training offered, as is currently the case at Sure Shine. Whether there is any possibility of reducing part-time employment at Sure Shine, given the nature of this business, is difficult to assess. However, it is clear that the greatest benefits accrue to those target group individuals who are employed steadily for at least a year.

The lack of any correlation between specific job training at H.R.D.A. and employment post-H.R.D.A. suggests that H.R.D.A. should put more emphasis on allowing target group employees to develop general skills and good work habits while working in the

operating divisions, since these skills will be useful to them no matter where they are employed. H.R.D.A. has moved away from this focus in recent years, preferring instead to emphasize specific work skills in its Training division. However, an individual's job readiness and personal development depend in part on access to basic education and non-specific skill training. Allowing target group employees time off to upgrade educational qualifications or to obtain specific job qualifications such as a driver's licence while employed at H.R.D.A. would be a positive step in this direction.

CONCLUSIONS

This study has profiled an organization which has come a long way in its eleven-year history. From a cautious beginning, the organization has expanded, learning from its mistakes and gradually reducing its reliance on government funding. With an emphasis on sound business principles, H.R.D.A. has developed wide-ranging and innovative programs for training and long-term employment of those on social assistance. The organization can take satisfaction in knowing that there are many former social assistance recipients who took their first steps towards employment and independence at H.R.D.A.

The new directions evident in H.R.D.A. programs, in particular the Gottingen St. Development project, indicate that in the future, H.R.D.A. may come closer to operating as a community

development organization. Up until now, H.R.D.A. has placed its emphasis on individual rather than community development, with programs originating with management rather than with the target group.[48] The Gottingen St. Development project provides opportunities for grass roots initiatives to come forward, with H.R.D.A. playing a pivotal role in facilitating this process.

The organization's viability, at least over the medium term, is no longer in question, largely because of the commitment to self-sufficiency which became an active policy after 1982. This study has highlighted a number of factors responsible for the business success of H.R.D.A. Enterprises, such as the proficiency of management staff, the active role and commitment of the Executive Committee, and the improvement in financial arrangements.

Nevertheless, in focusing on H.R.D.A.'s business success, there is the risk of losing sight of the original goal of H.R.D.A., to provide training and long-term employment alternatives for those on social assistance. The low level of target group employment at H.R.D.A. at the end of 1987 left it open to criticisms that it had lost sight of its primary objective, although target group employment increased after this point. Certainly H.R.D.A. has long sought to ensure that the means for achieving this goal, i.e., operating profitable enterprises does not become its consuming activity, and the end in itself. But only time will tell how well it has succeeded at maintaining the necessary delicate balance between its social and business objectives.

H.R.D.A.'s success in recent years has led to suggestions that the organization expand and increase target group employment in H.R.D.A. Enterprises. While there is undoubtedly some capacity to add to current employment levels, any decision to dramatically increase the size of operations would require careful assessment. Constraints such as the problems in identifying profitable enterprises and the difficulties in getting those in the target group to form a long-term labour force attachment suggest that H.R.D.A.'s efforts are more appropriately directed at providing small-scale programs focusing on individual development. Working with target group employees inevitably takes a great deal of a project manager's time; increasing the number of target group employees in each operating division might serve only to reduce the quality of training which they could receive. Finally, it must be stressed that no matter how many programs H.R.D.A. was to operate, there are many social assistance recipients with problems well beyond the scope of H.R.D.A.'s efforts.

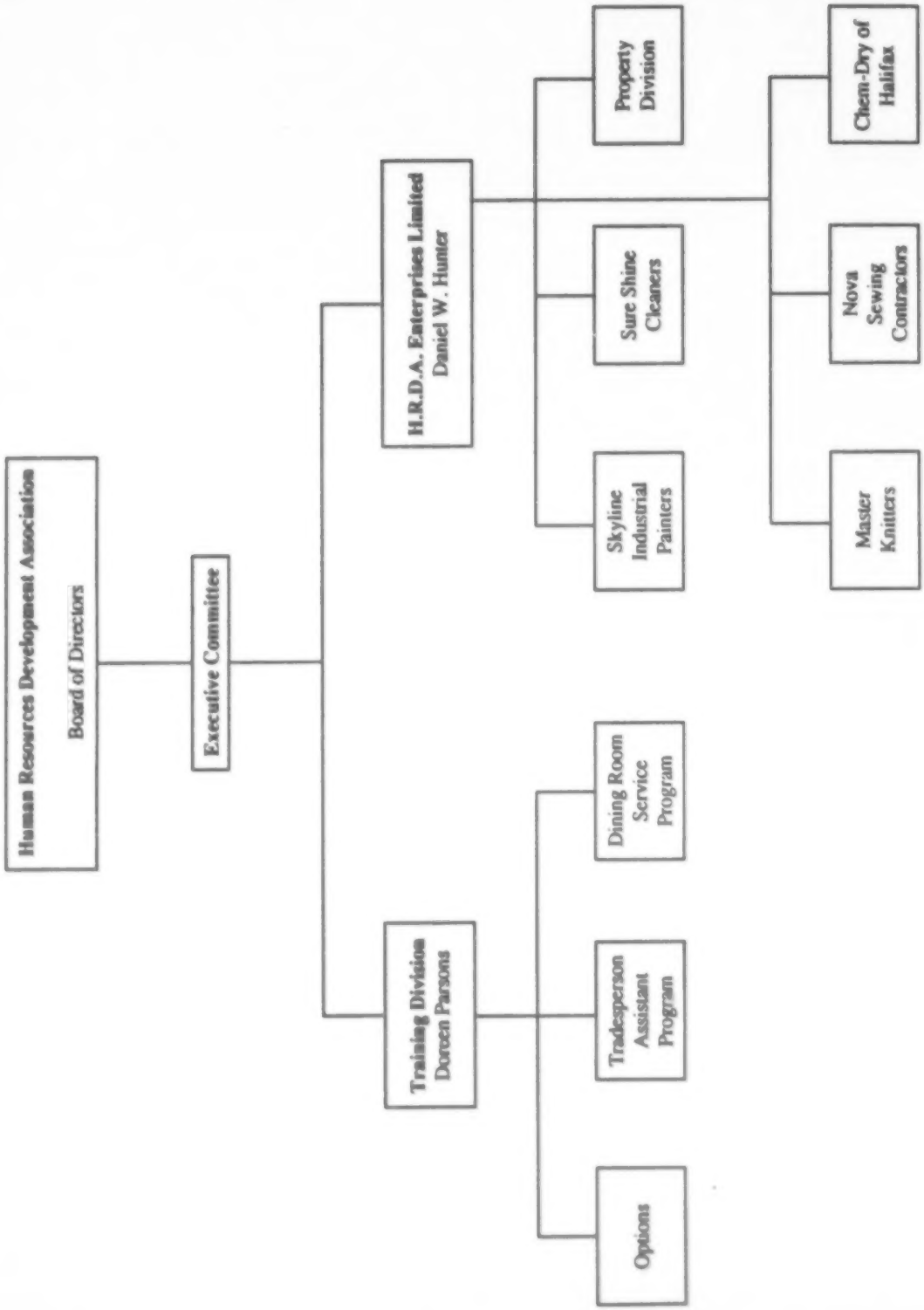
Other municipalities have looked with interest at H.R.D.A.'s development. Could it be used as a model for similar ventures elsewhere in Canada? Certainly the types of service businesses in operation at H.R.D.A. Enterprises could be replicated in many urban areas across Canada. Manufacturing operations, on the other hand, must be closely tied to opportunities in the local community. Nova, for example, has grown because of its links to the defence industry based in Halifax.

A solid committment from the municipal level of government, at least in the start-up phase, is likely to be the most important factor in successfully creating new initiatives similar to H.R.D.A. The redirection of funds from the social assistance budget provided the initial financing to H.R.D.A. Since then, through the influence of the Chairman of the Board, the city has continued to support the organization by adapting programs such as the Fee for Service to meet the needs of the organization and awarding contracts for service and maintenance to various H.R.D.A. enterprises.

Despite its small size, H.R.D.A. is a useful model for those concerned with the employment problems of the disadvantaged. However, H.R.D.A.'s experience also offers some important lessons to those with wider interest in community based development. H.R.D.A. has grown and strengthened its operations primarily because of the attention paid to management, finances and the overall profitability of the operation. In other words, community-based businesses must commit themselves to the same principles as those in the private sector to ensure their long-term viability.

APPENDIX 1

H.R.D.A.: Organizational Chart



APPENDIX 2

H.R.D.A.
Board of Directors
(as of September, 1988)

Joseph A.F. MacDonald
McInnes, Cooper and Robertson
Barristers and Solicitors

Harold D. Crowell, Director
Social Planning Department
City of Halifax

Bernard G. Smith, Director
Finance Department
City of Halifax

Lois Stevenson
Lecturer, Business Admin.
Acadia University

Richard Sircom
President
Surfine Engineering Ltd.

Dr. J. Clair Callaghan, P.Eng.
President
Technical University of
Nova Scotia

John Dick
Vice-President
RoyNat Incorporated

Dorothy Fowler

Karen Cramm, C.A.
Partner
Touche Ross & Company

Wayne Patterson
Manager, Mortgage Service
League Savings & Mortgage Co.

Richard Pearson
President
Pearson & Associates

Bessie Harris, Director
Policy, Planning and Research
Government of Nova Scotia

Laurie Stevens
President
L.B. Stevens Construction Ltd.

Henry Taylor
Controller
Halifax Office Products Ltd.

Patricia Conrad
Social Planning Department
City of Halifax.

Fraser Sutherland
National Research Council

APPENDIX 3

Interviews were conducted with the following persons during 1982 and 1988:

Harold Crowell, Director of Social Planning, City of Halifax and Chairman of Board of Directors, H.R.D.A.

Robbie Shaw, Vice-President, National Sea Products Ltd. and former member of the Executive Committee, H.R.D.A.

Pat Conrad, Social Planning Department, City of Halifax and member of the Board of Directors, H.R.D.A.

Dan Hunter, General Manager, H.R.D.A. Enterprises

Charles Metcalf, Controller, H.R.D.A. Enterprises

Ton MacMillan, Gottigen St. Development Project

Doreen Parsons, Manager, OPTIONS

Nancy Pike, Manager, Employment Support Centre

Donna Martin, Manager, Nova Sewing Contractors

Ron Hines, Manager, Property Division

NOTES:

CHAPTER ONE:

1. R. L. Mansell and L. Copithorne, 1985, "Canadian Regional Economic Disparities: A Survey." In Volume 64: Disparities and International Adjustment, the Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press), p. 3.

2. For an historical overview of the migration issue, see Marc Termote, "The Growth and Redistribution of the Canadian Population," chapter 2 of W. Coffey and M. Polèse, eds., Still Living Together, (Montreal: IRPP, 1987).

3. Mansell and Copithorne, 1985, op.cit., p. 20.

4. In 1987 for example, total employment on a monthly basis in Newfoundland varied by as much as 35 per cent over the lowest month.

5. Report of the Federal-Provincial Task Force on Regional Development Assessment (Ottawa: Government of Canada, 1987), Table 1.6.

6. Government of Newfoundland and Labrador, 1986. Building on Our Strengths: Report of the Royal Commission on Employment and Unemployment (St. John's: Queen's Printer), p. 279.

7. Mansell and Copithorne, 1985, op.cit., p. 14.

8. W. D. Shipman with E. Beale, 1986. "Selected Demographic and Labour Market Characteristics." In Trade and Investment across the Northeast Boundary: Quebec, the Atlantic Provinces and New England (Montreal: The Institute for Research in Public Policy), p. 37.

9. Government of Newfoundland and Labrador, 1986, op.cit., p. 210.

10. Economic Council of Canada, 1977. Living Together: A Study of Regional Disparities (Ottawa: Minister of Supply and Services), p. 81.

11. Mansell and Copithorne, 1985, op.cit., p. 17.

12. Ibid.

13. The Rowell Sirois Royal Commission of 1940, following on the ideas expressed by the Duncan Commission of 1926, proposed a system of National Adjustment Grants to help alleviate the continued financial problems of the poorer provinces.

14. Department of Regional Economic Expansion, 1973. Assessment of the Regional Development Incentives Program.

15. See DREE Annual Reports, 1971-72 and 1978-79.

16. J. D. Love, 1987. "The Continuing Relevance of DREE Decentralization." Canadian Public Administration 30: 432-449, pp. 442-443.

17. See N. Harvey Lithwick, "Regional Development Policies: Contexts and Consequences," chapter 4 of Still Living Together (op. cit.), pp. 140-141.

18. These changes were announced as this paper was going to press. See John Kohut, "Ottawa cuts Atlantic Canada development aid", in The Globe & Mail, May 16, 1989 (front-page article).

19. A.J. DeWolf, 1987. "The Effects of Government Incentives and Other Initiatives on a Marginal Region: The Case of Cape Breton, Nova Scotia." Presented to the Ninth International Seminar on Marginal Regions, Scotland. (Unpublished), p. 10.

20. Enterprise Cape Breton.

21. T. O'Neill, 1984. "Canadian Initiatives Aimed at Maintaining Community Economic Viability/Vitality." Presented at the Four Nation's Conference, University of Aberdeen, p. 20.

22. See Economic Council of Canada, 1977, op cit., pp. 161-163 and D. Wadley, 1986. Restructuring the Regions: Analysis, Policy Model and Prognosis (Paris: OECD), pp. 66-70.

23. Building on Our Strengths, the final report of the Royal Newfoundland Commission on Employment and Unemployment (St. John's, 1986).

24. T.J. Courchene and J.R. Melvin, 1986. "Canadian Regional Policy: Lessons from the Past and Prospects for the Future." Canadian Journal of Regional Science IX: 1, pp. 52-58.

25. Wadley, 1986. op cit., p. 17.

CHAPTER TWO:

26 MacLeod, Greg, New Age Business: Community Corporations that Work. Ottawa: Canadian Council on Social Development, 1986.

27 Grant Proposal to Health and Welfare, 1978, p.3.

28 See Atlantic Provinces Economic Council, Final Evaluation of H.R.D.A., 1981. Two other evaluations of H.R.D.A. were also undertaken by APEC.

29 "H.R.D.A. Organizational Management Structure and Responsibilities", Memo to Board Members of H.R.D.A., February, 1979.

30 General Manager's Report, H.R.D.A. Annual Meeting, May, 1980.

31 "General Development Policy", Memo to Board Members of H.R.D.A., December, 1980.

32 Paper on Proposed Development Direction, H.R.D.A. Annual Meeting, May, 1980, p.1.

33 Minutes of Executive Committee Meetings, 1980.

34 Atlantic Provinces Economic Council, Final Evaluation of H.R.D.A., 1981, p. 25.

35 At this point, the Rent-a Wreck franchise for Halifax was the most unprofitable franchise anywhere in North America.

36 See further discussion on performance evaluation on page 35.

37 The criticisms in recent years have been directed primarily at Skyline Industrial Painters and have come from other companies in the same line of work. H.R.D.A. management responds to these criticisms by pointing that as of 1985, H.R.D.A. no longer receives government grants to meet its operating costs and so is no longer a subsidized company.

38 Interview with Dan Hunter, General Manager of H.R.D.A. Enterprises.

39 Minutes, Board of Directors Meetings for 1986 and Interview with Harold Crowell, Chairman of the Board of H.R.D.A.

40 Interview with Dan Hunter.

41 Interview with Tom MacMillan.

42 Interview with Dan Hunter.

43 Financial Statements for H.R.D.A. include H.R.D.A. Enterprises, but do not include the Training Division or Gottingen St. Development.

44 Interview with Dan Hunter.

45 Atlantic Provinces Economic Council, Final Evaluation of H.R.D.A., 1981.

46 This figure does not include target group employees who were laid off or fired.

47 This Consultant assisted with the survey design while the results were processed and analyzed by staff at the Social Planning Department. For more information, see the full report on the survey: Social Planning Department, City of Halifax, Evaluation Survey of Impact of H.R.D.A. on Its Target Group Employees, 1988 p. 25.

48 For discussion of the characteristics of community economic development initiatives, see Newman, Lynda H., Lyone, Deborah and Philp, Warren, Community Economic Development: An Approach for Urban Based Economies. University of Winnipeg, Institute of Urban Studies, Report 16, 1986, p. 3.

BIBLIOGRAPHY

Beale, E.J., 1987. "Another Try: The Atlantic Canada Opportunities Agency." Policy Options 8:9, 26-28.

Courchene, T.J. and Melvin, J.R., 1986. "Canadian Regional Policy: Lessons from the Past and Prospects for the Future." Canadian Journal of Regional Science IX: 1, 49-67.

Department of Regional Economic Expansion, Annual Reports, 1969-70 to 1981-82.

Department of Regional Economic Expansion, 1973. Assessment of the Regional Development Incentives Program.

DeWolf, A.J., 1987. "The Effects of Government Incentives and Other Initiatives on a Marginal Region: The Case of Cape Breton, Nova Scotia." Presented to the Ninth International Seminar on Marginal Regions, Scotland. (Unpublished).

Economic Council of Canada, 1980. Newfoundland: From Dependency to Self Reliance (Ottawa: Minister of Supply and Services).

Fuchs, R.P., 1987. "Half a Loaf is Better than None: The Newfoundland Rural Development Movement's Adaptation to the Crisis of Seasonal Employment." In Ishmael, J.S. (ed.), The Canadian Welfare State: Evolution and Transition (Edmonton: University of Alberta Press).

Government of Newfoundland and Labrador, 1986. Building on Our Strengths: Report of the Royal Commission on Employment and Unemployment (St John's: Queen's Printer).

Jackson, E.T., 1984. "Community Economic Self Help and Small Scale Fisheries." (Ottawa: Fisheries and Oceans).

Lithwick, N.H., 1985. "Federal Government Regional Economic Development Policies: an Evaluative Study." In Volume 64: Disparities and Interregional Adjustment, the Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press).

Love, J.D., 1987. "The Continuing Relevance of DREE Decentralization." Canadian Public Administration 30: 432-449.

MacLeod, G., 1986. New Age Business: Community Corporations that Work (Ottawa: Canadian Council on Social Development).

Mansell, R.L., and Copithorne, L., 1985. "Canadian Regional Economic Disparities: A Survey." In Volume 64: Disparities and Interregional Adjustment, the Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press).

O'Neill, T., 1984. "Canadian Initiatives Aimed at Maintaining Community Economic Viability/Vitality." Presented at the Four Nation's Conference, University of Aberdeen.

Report of the Federal-Provincial Task Force on Regional Development Assessment (Ottawa: Government of Canada, 1987).

Savoie, D.J., 1986. Regional Economic Development: Canada's Search for Solutions (Toronto, University of Toronto Press).

Shipman, W.D., with E. Beale, 1986. "Selected Demographic and Labour Market Characteristics." In Trade and Investment across the Northeast Boundary: Quebec, the Atlantic Provinces and New England (Montreal: The Institute for Research in Public Policy).

Wadley, D., 1986. Restructuring the Region's: Analysis, Policy Model and Prognosis (Paris: OECD).

LOCAL DEVELOPMENT PAPERS

Fall 1989 Releases

A Case Study of the Kitsaki Development Corporation, by Michael Decter and Jeffrey Kowall.

Equity Capital and Economic Development in Newfoundland and Labrador, by the Economic Council of Newfoundland and Labrador.

Loan Funds for Small Business: Lessons for Canadian Policy Makers: A Case Study of Colville Investment Corporation, Nanaimo, B.C., by Lloyd Baron and Noel Watson.

The Great Northern Peninsula Development Corporation: An Organizational Framework for Revitalization? by Peter Sinclair.

The West Prince Industrial Commission: A Case Study by Wayne MacKinnon with the assistance of Jon Peirce.

Two Perspectives on Regional Development in Atlantic Canada: An Overview and a Case Study of the Human Resources Development Association, by Elizabeth Beale.

Where Credit is Due: A Case Study of the Eagle River Credit Union, by John Wickham, Richard Fuchs, and Janet Miller-Pitt.

Subsequent releases will include papers on the problems of single-industry towns, urban cores, development indicators and other cases and aspects of local development. An overview paper entitled Developing Communities: The Local Development Experience in Canada will present the findings from this phase of the project.